



**Opening Statement of Chairman Graves
Committee on Small Business
Hearing: “Barriers to Entrepreneurship: Examining the Anti-Trust Implications of
Occupational Licensing”
July 16, 2014**

Good afternoon. Thank you all for being with us today.

When folks set out on a career path they know that some jobs require certain licenses, educational backgrounds, and fees. Most people agree that certain professions should be subject to standards to protect the public, such as doctors, lawyers, or architects. However, in the United States, over the last 60 years the number of occupations subject to state and local licensure laws has expanded greatly. Today, not only do doctors need a license, but in some states, professions such as fortune tellers or interior designers, require one as well. In light of this, it not surprising that a recent study found that occupational licensing was the number one regulatory burden facing small firms.

Understandably, this growing trend is sparking controversy as entrepreneurs question why certain licenses are needed, particularly if the license or educational requirements seem to have little to do with protecting the public. The balance between individuals’ rights to pursue economic opportunities and states’ rights to regulate economic activity within their borders appears to be tipping towards more regulation. As entrepreneurs seek out new opportunities they are finding more roadblocks in the way of earning a living and creating jobs. Often, these barriers are erected by licensing boards made up of men and women who are currently in the profession – or the potential competitors of those seeking to enter the profession. These hurdles are particularly difficult to clear for those with limited financial means or lower levels of education. As entrepreneurs look for solutions, they are starting to file federal lawsuits alleging that certain occupational licenses violate federal anti-trust laws.

My home state of Missouri is lucky to be consistently ranked as one of the least burdensome states for occupational licensing. However, in June, hair-braiders filed a federal suit against a Missouri law which requires braiders to obtain a cosmetology license. This state cosmetology license requires 1,500 hours of training and two exams all with various costs. But according to the suit neither the training nor the test covers hair-braiding. While we want competent and skilled workers in Missouri, and I strongly believe in states’ rights to protect the welfare of its citizens, this occupational license - which does not seem tailored to the actual profession - appears to be a way to keep new competition out and infringe on an individual’s economic liberty.

Today we are fortunate to have with us Director Gavil from the Federal Trade Commission (FTC) who will highlight some of the concerns and inform us of the actions that the FTC is taking as enforcer of the federal anti-trust laws to promote competition and reduce unnecessary barriers to work.

I now yield to Ranking Member Velazquez for her opening remarks.