

Regulatory Reform

Principles:

- Regulation should balance legitimate safeguards for health, safety and consumer protections, such as combating fraud, with the need to preserve individual economic opportunity, limit burdensome compliance costs, encourage competition and maintain a role for individual responsibility.
- Where possible, government should limit itself to establishing regulatory standards and allowing the market to determine the most cost-effective means of reaching those standards while maintaining government oversight.
- Disclosure, transparency, incentives and/or education efforts should be tried before regulation.
- Government should regularly, formally and objectively analyze the effectiveness and necessity of all regulations and those that are outdated or ineffective should be removed.

Agenda:

- Improve Georgia's Regulatory Flexibility law
- Remove restrictions on diversifying Georgia's pension fund assets
- Level the playing field between the wine and beer industry
- Conduct periodic occupational licensing reviews.

Facts:

The Alliance for Worker Freedom's "2007 Index of Worker Freedom: A National Report Card"¹ measures the level of worker freedom at the state level. Georgia received a B+ and is referred to as a "top tiered state". The report issued three policy recommendations to ensure a higher degree of worker freedom. One recommendation, moving toward a defined contribution pension program, was addressed during the 2008 legislative session.

The Property and Casualty Insurance Report gives states grades on "how free consumers are to decide what insurance products will meet their needs" and "how free are insurers to provide products that meet consumers' real or perceived needs?" For 2008, Georgia received a "C" by losing points for the lack of competition (market concentration) in the homeowners' insurance market and rate regulation, although the auto insurance rates were partially deregulated during the 2008 legislative session.²

U.S. manufacturers pay \$11,388 per employee in regulatory compliance costs.³

Wage costs account for only around 10 percent of manufacturing costs, according to a study by the National Association of Manufacturers. The other costs identified as more important to U.S. competitiveness were regulatory costs, tort costs and the U.S. tax code.⁴

Small businesses spend \$7,647 each year per employee to comply with federal regulations compared with the \$5,282 spent by firms with 500 or more employees – a 45 percent greater burden than their larger counterparts.⁵

¹ "2007 Index of Worker Freedom: A National Report Card," Alliance for Worker Freedom, <http://workerfreedom.org/index.php?content=iwf07>

² "Property and Casualty Insurance Report," Heartland Institute and Competitive Enterprise Institute, March 2008, <http://www.heartland.org/pdf/22907.pdf>

³ "Policy ManuFact: The Cost of Doing Business in the U.S.," National Association of Manufacturers, April 1, 2008, http://www.nam.org/s_nam/bin.asp?CID=201715&DID=237661&DOC=FILE.PDF

⁴ "How Structural Costs Imposed on U.S. Manufacturers Harm Workers and Threaten Competitiveness," National Association of Manufacturers, December 9, 2003, <http://www.nam.org/costs>

⁵ "The Impact of Regulatory Costs on Small Firms," Small Business Administration Office of Advocacy, September 2005, <http://www.sba.gov/advo/research/rs264tot.pdf>

Background:

Governor Sonny Perdue signed an Executive Order⁶ in 2006 requiring an examination of both new and existing state rules and regulations to “prevent unintended anticompetitive impacts and to ensure that less burdensome alternatives are explored.”

Also in 2006, the Georgia Legislature eliminated onerous regulations on individuals offering African hair braiding services, one of the most highly – and needlessly – regulated occupations in the state. Despite the minimal health and safety concerns, Georgia hair braiders had been required to obtain a full cosmetology license and pay for more than 1,500 hours of training – longer than the minimum training required to become a police officer.

The cost of regulation is a hidden tax on economic growth. Reasonable regulation to protect health, human safety and the environment is important, but many regulations are either outdated, needlessly complex and/or inflexible. This particularly places a burdensome compliance cost on small businesses, which do not have extensive legal and regulatory experts on their staff to guide them through the often complex requirements of the law. Because small businesses are the jobs engine of our economy, it is critical that Georgia address this issue.

Eliminating unnecessary government regulations that present obstacles to investment, entrepreneurship and business survival will boost risk-taking, innovation and job creation. One of the great things about the United States and its dynamic economy is its economic opportunity – anyone who works hard can become successful. However, regulation all too often is pursued by those on the top as a barrier to entry. Existing businesses want protection from small, innovative competitors. For example, occupational licensing requirements limit competition in many trades and minimum wage laws protect higher-skilled labor from lower-skilled or younger competition. These regulations stifle economic opportunity and the ability of many Americans to get their foot solidly on the first rung of the economic ladder, and should be eliminated.

Most people assume that the recent growth in outsourcing is due to wage rates, but a National Association of Manufacturing study found that wage costs account for around 10 percent of manufacturing costs. The other costs identified in the study as more important to U.S. competitiveness were regulatory costs, tort costs and the U.S. tax code. By minimizing regulations Georgia’s competitive position will be strengthened – an extremely important attribute in an era where both capital and labor can easily move across state, national and international borders.

Agenda:

Improve Georgia's Regulatory Flexibility law

On March 6, 2006, Governor Sonny Perdue signed an Executive Order to initiate a more streamlined process in which Georgia businesses can obtain regulatory assistance. The Governor’s Entrepreneur & Small Business Office (ESBO) within the Georgia Department of Economic Development (GDEcD), is the lead agency. The State has created a new Web site, regs4ga.org, with links to all state rules and regulations by agency and by category.

While this puts in place a process to ensure proper review of new regulations, Georgia should be much more proactive in identifying existing regulations that are outdated and/or burdensome and should be updated or eliminated. While the Georgia Administrative Procedure Act does include a provision for an “interested person” to petition the agency to promulgate, amend or repeal a rule, there is no automatic review provision in place.

⁶ http://gov.georgia.gov/exorders/2006/mar/03_06_06_02.pdf

Model regulatory reform legislation used by other states suggests periodic review of all regulations to determine: "(1) The continued need for the rule; (2) The nature of complaints or comments received concerning the rule from the public; (3) The complexity of the rule; (4) The extent to which the rule overlaps, duplicates, or conflicts with other Federal, State, and local governmental rules; and (5) The length of time since the rule has been evaluated or the degree to which technology, economic conditions, or other factors have changed in the area affected by the rule."⁷

Remove restrictions on diversifying Georgia's pension fund assets

High-tech businesses in Georgia have many challenges, but one of the biggest is a lack of local venture capital. One of the main reasons is for some of the very biggest investors, it is actually illegal. Specifically, the state Teachers Retirement System and Employees' Retirement System, which together have tens of billions of dollars of assets under management, are prohibited by law from investing in what's popularly known as "alternative assets" – a broad family that includes a wide variety of investments that are "alternatives" to traditional stocks, bonds and money funds. This includes venture capital funds.

Forty-nine states in the Union permit state pension funds to be invested in these "alternative assets" to allow portfolio diversity and to provide fund managers with opportunities to generate increased returns for retirees. Georgia is the only one that forbids it. This not only limits the investment available in Georgia for fledgling local companies, but also limits funding from outside the state because other state pension funds are reluctant to invest in companies that have received no support from their local public sector funds.

PricewaterhouseCoopers/National Venture Capital Association MoneyTree^a Report based on data from Thomson Financial in 2006 reports over 90 percent of the venture capital investments made in "later stage" Georgia companies were made by venture capitalists located outside the state. There is a strong likelihood that these investments are an interim step before merger with another company in the venture capitalist's portfolio – located outside Georgia. In most cases, the companies absorbed are moved out of state along with the jobs and resources. In fact, Gerard van Hamel Platerink of Accuitive Medical Ventures, a Norcross venture fund, testified to the Senate Retirement committee in 2005 that all seven of Accuitive's Georgia companies moved last year to more capital-friendly locations outside the state. Just these seven companies – among the vast number the state lost over this issue – had more than \$1 billion in revenue. The state lost that tax base, all the associated intellectual capital, and all the future job creation and other economic benefits to California because Georgia's laws do not support the growth of these capital markets.

During debate regarding the recent issue of increased federal taxes on private equity firms, the State of Washington was clear in the benefits provided by private equity investment. "To a plan like ours, private equity has provided a more meaningful return than we could have in publicly traded equities," said Joseph Dear, executive director of the Washington State Investment Board, which manages the state pension funds. If taxes are raised on the fees paid to private-equity managers, Dear said, those managers may not be willing to make risky but more lucrative investments. And that could mean lower returns for the investors, including the state pension funds. The state investment board has earned \$9.7 billion on its private-equity investments since 1981, an average return of about 15 percent a year, Lowenstein told lawmakers. "Put another way," he said, "the excess returns generated by private-equity investments during that period are worth \$26,000 per retiree."⁸

Unfortunately, efforts to remove these investment restrictions have not been successful due to lobbying by public employees who are rightfully concerned about their pensions, but were misinformed. Fortunately, in 2008 the Legislature passed significant pension reform that moved new employees to a 401(k)-type plan. Existing employees may opt-in to this plan, where they will personally control the mix of mutual funds and investment classes. Despite the fact that experts agree that alternative investments can

⁷ Small Business Administration Office of Advocacy, http://www.sba.gov/advo/laws/law_modeleg.html#Model

⁸ "Private-equity tax measure could cut into state pensions," Seattle Times, July 31, 2007, http://seattletimes.nwsources.com/html/localnews/2003813892_statepensions31m.html

reduce risk and improve investment performance, existing state employees who are still uneasy with this concept may choose not to opt in to the new defined contribution plan.

Keith Brainard, Research Director for the National Association of State Retirement Administrators, provided an excellent overview of this issue during testimony to the Georgia Legislative Retirement Committees in 2007. Below are excerpts from his testimony:

As a group, alternative assets present portfolio managers with two important characteristics: increased returns and diversification. According to one investment analyst: "Alternative assets, by definition, tend to be less efficiently priced than traditional marketable securities, providing an opportunity to exploit market inefficiencies through active management."

Most statewide public retirement funds in the U.S. are permitted to invest a portion of their portfolio in alternative asset classes. In fact, as far as I know, Georgia is the only state that restricts its large statewide pension funds – the ERS and TRS – from investing in private equities. Three-fourths of large U.S. public pension funds are invested in alternatives, and some of the remaining funds are working toward adding this class. For example:

- Earlier this year, the **West Virginia** Legislature approved a bill that broadens the investment authority of the state investment management board. For the first time, the state investment board will be permitted to invest up to 20 percent of state pension assets in private equities and hedge funds.
- **South Carolina** voters in 2006 approved a constitutional amendment broadening the investment authority of the state investment commission. South Carolina is now preparing to include private equities in its pension portfolio.
- In 2005, the **Mississippi** Legislature approved a bill permitting up to ten percent of state retirement system assets to be invested in private equities. The Mississippi PERS board and staff currently are reviewing their options for investing in alternative assets.
- Also in 2005, the **New Mexico** Legislature replaced a legal list of permissible investments with the guiding principles of the Uniform Prudent Investor Act (UPIA) for the state retirement funds and other public funds administered by the state. Under the UPIA, trustees "shall invest and manage the trust assets as a prudent investor would, by considering the purposes, terms, distribution requirements and other circumstances of the trust." This standard will permit public pension assets in New Mexico to be invested in alternative assets.

No single, universal benchmark or expected return is used to measure the risk and return performance of alternatives. Benchmarks against which public retirement funds measure their alternative asset investment performance usually are based on a domestic equity index, such as the Russell 3000 or S&P 500, plus a premium, such as three or five percent.

Adding an asset class like alternatives increases a portfolio's diversification, which will either lower the portfolio's overall risk while keeping its expected returns the same, or increasing expected returns at the same level of risk.

...

Diversifying into new asset classes, such as alternatives, reduces a portfolio's overall level of risk, which helps protect against big losses and positions the portfolio for stronger investment returns. Based on experience, different asset classes and sub-classes can be measured and compared.

...

By adding a four percent allocation of alternative assets, it is conservatively reasonable to expect portfolio returns that are higher by 0.16% (or 16 basis points) annually, without increasing the overall riskiness of

the portfolio. Although this may seem like a modest increase, in a portfolio of \$70 billion, this marginally higher return would generate an additional \$112 million per year in investment gains. As a base of comparison, in FY 06, the State of Georgia and its political subdivisions contributed some \$1.14 billion to the ERS and TRS. The estimated additional income from adding alternative assets to the pension portfolio could be reasonably expected to reduce this employers', or taxpayers' pension contribution, by some 10 percent.

Managers of the \$15 billion Yale University Endowment Fund attribute much of their success to a highly diversified portfolio, including a heavy weighting to private equities. The Yale Endowment has allocated more than-one-third of its portfolio to alternative assets. The 2003 Yale Endowment annual report discusses the important role diversification has played in the fund's performance:

By combining assets that vary in response to forces that drive markets, well diversified, more efficient portfolios can be created. At a given risk level, properly diversified portfolios provide higher returns than less well-diversified portfolios. For a given return level, well-diversified portfolios produce returns with lower risk. ... Diversification has been an important factor in helping Yale generate an extraordinary long-term investment record. Going forward, Yale continues to expect superior results from its diversified approach to investing.... Yale's diversified portfolio promises higher expected returns with lower risk.

The table below compares average asset allocations of large university endowments and public retirement funds.

Average asset allocation of large public pension funds and college and university endowment funds (2006)

	Public equities (stocks)	Fixed Income (bonds)	Real Estate	Alternatives	Cash and Other
Public retirement funds	60.0%	28.5%	5.0%	4.4%	2.3%
University endowments*	44.9%	12.5%	4.4%	36.0%	2.2%

*Endowments with assets greater than \$1 billion. Source: Public Fund Survey and National Association of College and University Business Officers

To use two local examples, approximately one-third of the \$5 billion Emory University Endowment Fund is invested in alternative assets, and roughly 14 percent of the \$500 million University of Georgia Foundation is invested in alternative assets.

Sample of public retirement funds with assets allocated to alternatives, and investment returns generated by alternatives

Public Retirement System	Alternatives Allocation 6/30/06	Alternatives Annualized % Returns as of 6/30/06			
		1«yr	3.yr	5«yr	10-yr
California State TRS	6.0%	32.0	28.8	13.6	19.9
Delaware PERS	11.9%	11.5	12.9	1.1	na
Florida Retirement System	3.1%	13.2	11.6	4.5	8.0
Illinois MRF ¹	3.2%	14.4	14.8	8.4	14.2
Iowa PERS	7.6%	34.0	24.9	8.1	12.5
Michigan Public Schools RS ²	12.7%	26.3	23.6	9.7	12.0
Oregon Investment Council	8.8%	25.1	26.5	10.6	na
Pennsylvania School ERS	9.1%	22.2	22.6	10.6	na
Utah Retirement System ¹	3.7%	17.1	23.9	12.3	11.2
Virginia Retirement System	5.0%	28.6	25.9	10.1	na
Washington State Investment Board	16.8%	39.5	30.0	13.2	na
Median	8.2%	25.1	23.9	10.1	12.3
Comparative Indices					
Russell 3000		9.6	12.6	3.5	8.5
S&P 500		8.6	11.2	2.5	8.3

Source: Retirement system annual financial reports¹ as of 12/31/06 ² as of 9/30/06.

Senate Bill 80 would authorize up to five percent of state pension assets to be invested in alternative assets. The bill contains prudent standards for determining eligible investments to ensure that investments are made in securities of sufficient quality and appropriate levels of risk. The bill also requires that alternative investments be pooled with other investors and that the alternative assets portfolio be developed gradually, rather than hastily. These are prudent and responsible provisions commonly used in other states.

The bill also contains reporting requirements that will provide adequate disclosure and reporting standards while not endangering the fund's ability to participate in ventures that traditionally have not required the same level of transparency and disclosure as traditional asset classes. These provisions, too, are used in other states.

By excluding alternative assets from the list of permissible investments, the State of Georgia is not only assuming a higher level of risk for its pension portfolios, but also is forgoing potentially large amounts of investment earnings. Georgia statutes include the prudent investor standard, which requires that pension portfolio managers oversee the state's pension funds as a prudent investor would. Unfortunately, state statutes then proceed to bind the hands of these fiduciaries by restricting the asset classes in which they may invest. I strongly encourage the committee to consider reducing these restrictions by permitting a portion of the state's pension assets in alternative asset classes.

Level the playing field between the wine and beer industry

The most difficult challenge facing Georgia's craft breweries is the state's current regulatory environment. Georgia's craft breweries can be divided into "microbreweries," which bottle and keg for outside distribution to restaurants, grocery stores, and package stores, and "brewpubs," which are restaurants that brew beer on-site in their restaurant setting. Unfortunately, in Georgia – unlike most other states – state law mandates that distinction. Georgia's microbreweries are not allowed to sell beer on site at their brewing facilities and Georgia's brewpubs are prevented from selling packaged beer outside their own walls.

Around most of the rest of the country, or the rest of the world for that matter, that distinction is not regulated as tightly as it is in Georgia. In addition, Georgia operates under what is referred to as the "three tier distribution system" – 1) manufacturing, 2) distribution, 3) retailing. All alcohol must be sold from the manufacturer (brewer, vintner or distiller) to a distributor and then to a retailer before it is allowed to reach the consumer. In addition, Georgia has a "franchise law" where a brewer, vintner or distiller must enter into an exclusive distributing arrangement with one distributor who then owns the "franchise rights" to distribute that product (and future products) within the territory, making it incredibly difficult, if not practically impossible, for a brewer, vintner or distiller to terminate that relationship for any practical reason. No other industry is forced by law to operate in such an unfair manner.

Georgia's breweries are small businesses that create jobs locally, generate state tax dollars, engender local pride, showcase Georgia manufacturing and enhance tourism for our state. Breweries generate more taxes per dollar of profit than any other industry. Around the country and around the world, breweries can sell beer at their brewery, operate pubs, and/or self distribute their beers. Brewpubs can sell packaged beer out of their restaurants, package beer for outside distribution to grocery stores, package stores or other restaurants, and/or self distribute. Those same breweries then sell their beer in Georgia and compete on an unfair playing field with our local Georgia breweries – thus taking jobs and tax revenue out of the State of Georgia.

Interestingly, the state's regulatory environment has recently been amended to allow for certain exemptions for local wineries in an effort to make them more competitive. Georgia wineries are allowed to sell their products out of their wineries. They can even operate retail establishments selling their products for off-premise sales (a package store). They are allowed to host events and sell alcohol at their facilities. They are allowed to self distribute up to a certain amount. All of this allows for local wineries to compete fairly in an extremely competitive marketplace and for the citizens of Georgia to enjoy their products. These changes help level the playing field for these new, small Georgia businesses. Why shouldn't it be the same for local breweries? Not only to compete against out-of-state breweries, but to compete fairly against wineries. Craft beer certainly competes against wine for some consumer dollars.

Currently, state laws create an unfair system for our own state's industry and should be changed. The importance of this issue is underscored in an article in Georgia Trend⁹ magazine:

Georgia has three award-winning craft brewers – Sweetwater, Atlanta Brewing Company and Terrapin Beer Company (Athens), and a dozen brewpubs scattered across the state. These are the survivors in a state where strict regulatory challenges are threatening the growth of this niche industry. Three Georgia companies – Dogwood Brewing Company, Old Savannah Brewing Company and Zuma Brewing – have closed over the past four years.

Georgia's microbreweries are hamstrung in several ways. Like most states, Georgia is tied to the three-tier system, in which beer must go from the producer to a distributor

⁹ "Liquid Gold," Georgia Trend, June 2008, http://www.georgiatrend.com/features-business-industry/06_08_beer.shtml

before reaching the bar-tap or store shelf. In other words, a small brewer can't sell a single drop of beer to visitors who tour their facilities – unlike other states, such as neighboring North Carolina. Large craft breweries such as California's Sierra Nevada may have taprooms and restaurants on site, enhancing the tourism experience. In Georgia, breweries can't have brewpubs on site, and brewpubs can't sell their beer off restaurant premises. Also, Georgia has tough franchise laws – once a brewer hooks up with a distributor, getting out of the relationship is extremely difficult, ultimately requiring state approval.

In Georgia, it is illegal for brewers to pour their own products at festivals, or any event outside the brewery – but they can travel to another state and do it. And a year ago, the Georgia Department of Revenue started proposing new rules to limit the amount of beer visitors may drink at brewery tasting tours, the favored and most affordable marketing tool for microbreweries, most of which can't afford large advertising campaigns.

"The biggest challenge facing craft breweries in this state is the regulatory environment," says Crawford Moran, brewmaster at Five Seasons Brewing in Alpharetta. Moran knows the sting – he was the owner of Dogwood Brewing Company. "There's no good reason why a small, local brewery shouldn't be able to self-distribute, up to a certain point. No good reason why they shouldn't be allowed to have a restaurant or pub attached. Those are the things that help small companies grow into larger companies."

So, a state like Colorado, with a more supportive environment for brewers, has half the population of Georgia with about 15 times as many microbreweries. "They produce over \$500 million in craft brews in eastern Colorado alone," notes Robert Budd, president of Atlanta Brewing Company, which fell into the hands of new owners several years ago and won its first gold medal at the Great American Beer Festival last year for its Red Brick Blonde ale. This year they added a gold (for Red Brick Barrell Select) and a bronze (for Numbers Ale) at the World Beer Cup in San Diego.

Budd envisions a beer tourism market not unlike the one fermenting in North Georgia wine country. This year the legislature boosted the wineries' business potential, introducing and approving one bill that allows internet wine sales and another permitting wineries that have tasting rooms or restaurants to serve other alcoholic beverages, including beer. Budd says he can't figure out why Georgia's homegrown craft breweries were left out.

"That totally shocks me," he says. "This is a green industry, a sustainable industry, a tourism industry that produces more tax per dollar of profit than any other industry. I think that we, Sweetwater and Terrapin are at the forefront of a Georgia industry with tremendous economic development potential."

Conduct Periodic Occupational Licensing Reviews

Occupational licensing laws unnecessarily restrict competition, drive up prices for consumers, enlarge government bureaucracy, and restrict economic liberty by preventing people from working in the occupation of their choosing. Despite the fact that they affect a larger portion of the labor market than labor unions or the minimum wage, licensing laws receive virtually no attention and often go unchallenged in state legislatures.¹⁰

¹⁰ "Occupational Licensing: Ranking the States and Offering Alternatives," Reason Foundation, <http://www.reason.org/ps361polsum.pdf>

Occupational licensing boards and laws should be continually evaluated for their relevance and perceived need. These reviews should ensure that regulations are narrowly tailored, and that they are providing at least some measure of public benefit. Reviews should also analyze licensing board performance by evaluating enforcement actions against licensees.

The Institute for Justice suggests several questions to ask of new regulations: (a) Does the unregulated practice clearly harm or endanger the health, safety or welfare of the public, and is the potential for the harm easily recognizable and not remote or dependent upon tenuous argument? (b) Does the public need an assurance of initial and continuing professional ability and can it reasonably be expected to benefit from such assurances? (c) Can the public be effectively protected by other means in a more cost-beneficial manner?

Existing regulations should be removed if (a) few other jurisdictions (say, fewer than 40 percent) have seen the need to license the occupation, (b) too few practitioners are licensed to financially justify the existence of the licensing board, or (c) there is a history of little or no enforcement activity, suggesting that either the licensing board is not doing its job or there is no cause for action.

Finally, if new occupational licensing requirements are passed, they should be sunset after a certain time period so that changes in the marketplace or technology must be considered before the regulations are renewed.

Questions and answers on occupational licensing with Professor Morris M. Kleiner, a nationally recognized scholar on occupational licensing who teaches labor economics and public policy at the University of Minnesota's Humphrey Institute and Carlson School of Management:¹¹

What are the major findings from the occupations you have studied?

Occupational licensing has either no impact or even a negative impact on the quality of services provided to customers by members of the regulated occupation. Additionally, as occupations become licensed, members of regulated occupations see their earnings go up.

Have these findings been consistent across occupations?

Yes. For example, tougher occupational regulation has no significant impact on service quality for dentists or teachers. For mortgage brokers, certain types of regulations are associated with fewer loans and higher prices for those transactions.

What are the costs of occupational licensing?

In current dollars, occupational licensing costs the national economy about \$100 billion in lost output. This is a "dead-weight loss" because it results from higher prices unaccompanied by a measurable quality benefit. In addition there is also about \$300 billion redistributed from consumers to licensed occupations.

What are the benefits of occupational licensing?

Consumers, especially ones with higher incomes, think that licensing ensures that lower-quality purveyors of a service are kept out of the occupation, thereby raising standards for the service. However, there is no evidence that licensing provides any greater benefits to consumers than certification that allows for competition.

¹¹ Institute for Justice, http://ij.org/publications/liberty/2008/17_2_08_g.html

How has licensing changed over the past 50 years?

Occupational licensing has skyrocketed. Fifty years ago, only about five percent of the workforce was licensed. Last year the number was almost 30 percent. By contrast, 50 years ago, 35 percent of the workforce was unionized; now that number is about 12 percent.

In the past few years, has there been greater recognition of the costs to consumers from licensing?

Yes. For example, Governor Charlie Crist of Florida recently vetoed a proposed new licensing law for nail salon workers and cosmetologists. I think that there is greater recognition of the costs to consumers from licensing.

Further reading:

"Nothing Ventured, Nothing Gained" Georgia Public Policy Foundation, 2005,
<http://www.gppf.org/article.asp?RT=4&p=pub/FreeEnterprise/Venture050312.htm>

"Occupational Licensing: Ranking the States and Offering Alternatives," Reason Foundation,
<http://www.reason.org/ps361polsum.pdf>

"Designing Cartels: How Industry Insiders Cut Out Competition," Institute for Justice, November 2007,
<http://ij.org/publications/other/designing-cartels.html> – Provides a case study of how regulations on certain occupations, designed to protect the safety and economic interests of consumers, can instead result in anti-competitive barriers that only benefit those already in those occupations.