



How asinine, job-killing regulations are holding Detroit back

By Jared Meyer | April 25, 2017

The title of a new Mackinac Center report by Jarrett Skorup, “This Isn’t Working: How Michigan’s Licensing Laws Hurt Workers and Consumers,” shows the various problems posed by today’s level of occupational licensing. While the report focuses on Michigan, it provides a roadmap for other states to follow as they work to restore sanity to their occupational licensing laws.

However, even if states successfully reform their licensing laws, cities like Detroit will stand in the way. Detroit licenses about 60 occupations, imposing extra fees and requirements on top of existing Michigan licenses for about half of these occupations. The other half of the occupations that Detroit licenses are not licensed by the state at all.

Examples range from window washers, who pay a \$72 yearly fee, to pawnbrokers, who pay a \$984 yearly fee. Even sidewalk shovelers, dry cleaners and furniture movers need licenses to legally work in Detroit. Given the lack of renegade window washers and sidewalk shovelers in Michigan, it is curious why the city chooses to regulate occupations that the rest of the state does not need to.

Other large Michigan cities like Grand Rapids, Lansing and Ann Arbor can maintain public safety, consumer protections, and fair competition without licensing 60 occupations, so there’s no need for these occupations to be licensed in Detroit. Simply put, if it were necessary for cities to license occupations that the state does not, or to create requirements and fees beyond those charged by the state, then other Michigan cities besides Detroit would be doing so already.

A growing consensus exists that state-level occupational licensing harms economic growth. Similarly, local occupational licenses can have negative effects on consumer choice, residential mobility and work opportunities — especially when they vary across a single state.

A patchwork of local licensing laws restricts economic mobility for licensed professionals who



would have to acquire new local licenses that often require additional fees and or training. Prospective workers are also harmed if they move to a jurisdiction that requires licensing.

An example of this is Detroit's licensing requirements for plumbers. Though Michigan already licenses plumbers, Detroit makes these workers go through additional regulatory hurdles to practice their trade in the city. These include going through the annual license registration process, completing city paperwork every time they complete a job, and paying hefty fees based on what they fix. With all these hoops to jump through, it is little wonder that there are only 58 licensed plumbers in the entire city.

The economic state of Detroit in recent years makes these excessive licensing requirements even more illogical. Detroit has the distinction of being the poorest major city in the country, with a poverty rate of 40 percent. Detroit's median household income is also less than half of the national average and the city's unemployment rate stood at 6.2 percent at the start of 2017, a full percentage point ahead of the state of Michigan.

Detroit needs to be saved from its own damaging regulations. Even though other cities have not abused their ability to license professions to the level that Detroit has, Michigan should consider statewide pre-emption of local licensing to ensure that residents of cities like Detroit are able to find work and build their careers.

Last year, Wisconsin passed a bill that stopped local governments from creating new occupational licenses or levying additional fees. Occupations including Christmas tree sellers and secondhand dealers currently require licenses in a number of Wisconsin communities. And before the bill passed, Milwaukee licensed photographers. Yes, that's right: photographers. If this reform was passed a decade ago, it is estimated that 100 fewer occupations across Wisconsin would require a local license today.

Though there is still significant work to be done, Michigan's government has made progress on licensing reform in recent years when compared to the rest of the country. A report by the government's Office of Regulatory Reinvention in 2012 called for the elimination of 22 of the 87 occupations it studied. Of these 22 occupations, seven were successfully repealed in the following year and some educational requirements were cut. According to the Institute for Justice, this is more licensing reform than any other state has accomplished in the past decade.

As Michigan continues to work on reforming its state occupational licensing laws, it is important to ensure that this progress is not undone on the local level. When it comes to jobs, consumer choice and economic mobility, states have a role in overruling renegade cities.