



THE BUCKEYE INSTITUTE

Reducing Red Tape Will Help Ohio's Economy

Interested Party Testimony
Ohio Senate Government Oversight & Reform Committee
Senate Bill 9

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As Submitted

Chair Roegner, Vice Chair McColley, Ranking Member Craig, and members of the Committee, thank you for the opportunity to submit written testimony regarding the need for regulatory reform in Ohio and Senate Bill 9.

My name is Greg R. Lawson. I am the research fellow at **The Buckeye Institute**, an independent research and educational institution—a think tank—whose mission is to advance free-market public policy in the states.

The Buckeye Institute applauds the Senate for continuing regulatory reform and cutting bureaucratic red tape. As a recent Mercatus Center **study** found, Ohio’s Administrative Code contains nearly a quarter of a million restrictions that “individuals and businesses in Ohio must navigate...to remain in compliance.”¹ Ohio must eliminate many of the unnecessary regulations that strangle our businesses and keep our citizens from working. Regulatory reform should be part of a broader reform effort designed to boost economic growth and defend against the heightened risk of recession brought on by COVID-19. By requiring state agencies to review existing rules and identify regulatory restrictions ripe for elimination, Senate Bill 9 is part of such an effort.

A comprehensive inventory of agency restrictions will give policymakers a clearer picture of the state’s bureaucratic red tape, and capping regulatory restrictions will force the state to prioritize any proposed restrictions more carefully. Canada’s British Columbia created its own **regulation inventory**, capped the maximum allowable regulatory restrictions, and found the combination effective. Since 2001, British Columbia has **reduced** its regulatory restrictions by nearly 50 percent—without endangering public safety. Senate Bill 9 pursues a similar path and furthers the Senate’s yeoman’s effort to methodically reduce regulatory burdens across the state.

Calling for a new online portal—Cut Red Tape System—Senate Bill 9 gives businesses a more direct route to information about new rules and restrictions. And the portal will allow for faster responses to practical questions from businesses as they arise.

Senate Bill 9 addresses criticisms of prior efforts to cull regulatory restrictions. The bill allows the Joint Committee on Agency Rule Review, for example, to ease reductions should an agency have adequate cause to be unable to meet the 30 percent threshold. And the bill reasonably exempts restrictions, such as those federally mandated, that are not required to be reduced. Some may worry that Senate Bill 9 goes too far and will endanger public health and safety. But it won’t.

No one wants doctors using unsterilized medical equipment, inadequately trained engineers designing bridges, or toxic chemicals polluting the soil and waterways. Requiring appropriate education and training for physicians, healthcare providers, pilots, and truck drivers helps safeguard the general public in our hospitals and on our roads and runways. And Senate Bill 9 will

¹ The Mercatus Center study counts all restrictive words but does not distinguish between those restrictions that apply to Ohio citizens or businesses from those that apply to state agency actions and thus might prove beneficial. The study also does not distinguish between rules that are imposed strictly by the state from those that incorporate federally imposed mandates.

not remove those appropriate regulatory safeguards. But the same cannot be said about regulating auctioneers, travel guides, and hairdressers—all currently subject to Ohio’s **byzantine** and overly restrictive regulatory licensing requirements.

As economists at The Buckeye Institute’s **Economic Research Center** have **revealed**, Ohio’s licensing requirements have discouraged people from moving here and have prevented more than 7,000 people between the ages of 25-45 from pursuing licensed occupations. Our economists also noted that high licensing costs keep workers from good-paying professions, suggesting that without such costs more job-seekers would be employed.

Academic research reinforces our findings and concern. The Regulatory Studies Center at George Washington University, for instance, has **noted** that most empirical analyses show that regulation has a negative effect on entrepreneurship. Such an effect should concern lawmakers because first-year entrepreneurial start-ups historically have been net **job creators** even as existing businesses are net job destroyers. Thus, regulations that harm entrepreneurship, harm job growth.

Senate Bill 9 will help cut through unnecessary restrictions and red tape that strangle Ohio’s economy, entrepreneurs, and workforce. The bill is another welcome addition to the state’s regulatory reform effort.

The Buckeye Institute appreciates the opportunity to submit written testimony on this important issue.



About The Buckeye Institute

Founded in 1989, The Buckeye Institute is an independent research and educational institution – a think tank – whose mission is to advance free-market public policy in the states.

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