



# SHOW-ME LIVING

ADVANCING LIBERTY WITH RESPONSIBILITY BY PROMOTING MARKET SOLUTIONS FOR MISSOURI PUBLIC POLICY



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## SHOW-ME: THE LICENSING

***“That is not a just government, . . . where arbitrary restrictions, exemptions, and monopolies deny to part of its citizens . . . free use of their faculties, and free choice of their occupations.”***

***– James Madison (1792)***

As in every other state, people in Missouri who wish to pursue employment in certain occupations are required to obtain approval from the government before being legally authorized to perform that service. One cannot represent others as a lawyer before the court without first attending law school and passing the bar exam. This topic of occupational licensure has interested economists for some time. Nobel Prize winning economist Milton Friedman dedicated an entire chapter to this in his seminal 1962 book *Capitalism and Freedom*. Friedman, along with many other economists, believed that occupational licensing harms the economy. Whether or not the author agrees with this assertion (although I most definitely do) is beside the point of this project, which is intended to serve as a tool for Missourians to discover which occupations are licensed, by which localities. For which occupation or profession do you need a stateside license? For which occupation do you need a county license? And

which occupations are licensed by the larger cities in Missouri?<sup>1</sup> Our goal is to provide a readily accessible tool for Missourians to learn about our system of licensing professions. Other papers in our series about this topic will address the specific details of the harm or benefits of licensing in Missouri. (Hint: It’s mostly harm.)

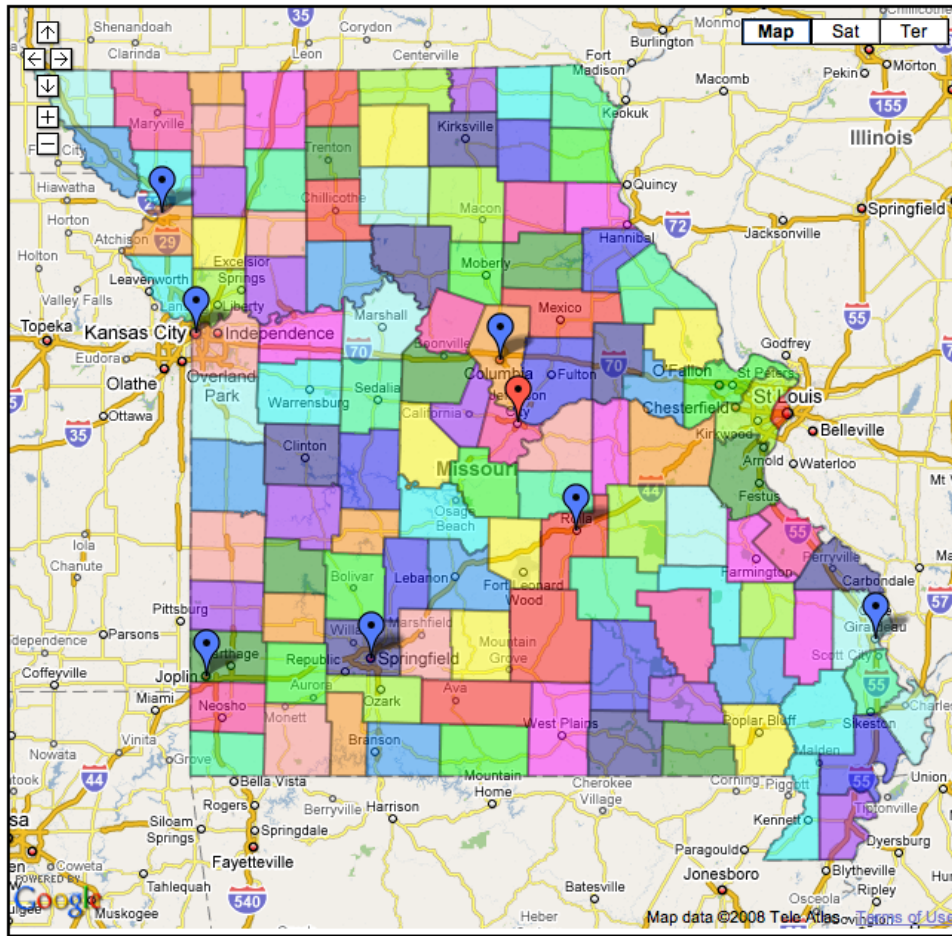
In his 1962 book *Capitalism and Freedom*, Milton Friedman identified three classes of occupational licensing: registration, certification, and licensure.<sup>2</sup>

Registration is the class of licensing in which a person is compelled merely to register with some level of government before performing a service or trade. Often, this level adds very little to the cost of an occupation, and serves a reasonable purpose. Federal registration of firearms dealers and local registration of cab drivers are two examples Friedman cites as serving a reasonable purpose.

Certification is the class of licensing in which the government

allows an authorized body to determine which persons engaged in an occupation may identify themselves in particular manner; those who qualify have typically met certain standard training or educational requirements. Certified Public Accountants are perhaps the best-known example of certified professionals. The law does not prevent anyone who has not been certified as a CPA from working as an accountant. Indeed, many non-CPAs make their living doing bookkeeping and tax returns. In Missouri, interior designers are another example of an occupation that is certified but not licensed. This certification mandates that only those who have earned a certain formal designation (e.g., “John Doe, CPA”) may advertise themselves as such. Friedman argues that civil and voluntary organizations can perform such certification services just as well as the government can, and would do so without the coercion that characterizes governmental regulation.

### Statewide Licensing Map



The final and most burdensome class of licensing is licensure. In licensure, the government — usually in combination with a board or commission that it has created — sets standards and requirements determining who may practice a certain occupation. These can take the form of educational requirements, training hours, practice standards, work documentation, etc. Licensure usually increases the costs of entering an occupation by a significant margin, which reduces competition and so is generally desirable from the perspective of current practitioners — especially those who are

grandfathered in when licensure is first enacted. Elected officials create boards to oversee the licensure process, and these usually consist primarily of industry representatives who then have the power to set future rules and requirements for their own industry or occupation. The conflict of interest involved when current practitioners are authorized to decide who may practice their trade in the future is obvious.

Missouri actually has fewer licensed occupations than any other state. According to a nationwide survey by the Reason Foundation’s Adam Summers, Missouri has 41

licensed occupations, 12 less than the next closest state. Additional research has found that Missouri’s actual number of licensed occupations is 75. This should not be taken as a criticism of Reason’s work. Finding the data that led to this revised total was very difficult and required an extensive amount of time — and we did it for just one state, not 50. Many of the occupations that we discovered are also licensed in Missouri were not counted by Reason because of the following reasons:

- 1) Some occupations, such as interior designers, were only very recently licensed in the

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state of Missouri, developments that occurred after Reason's research.

- 2) Some occupations, such as court reporters and automobile mechanics, are licensed by regulatory order or agency rule, rather than state statute, and as such the relevant data is extremely difficult to find.
- 3) We have used a looser definition for licensing in this study than Reason used in its report, so it is likely that some occupations, such as school bus drivers, were counted under the terms used for this project, but did not meet Reason's criteria. Still, the licensing status for some occupations is an open question. Kansas City and the city of Saint Louis in particular have each designated a number of businesses or occupations, such as boxing match promoters in Kansas City as being subject to a special tax on top of the general business tax. The line between a special tax and occupational registration (the lowest level of licensing) can be difficult to judge. However, for the purposes of this project, we have attempted not to count as licensed those businesses or professions where the only special requirement is the payment of an additional tax or fee. In order to count as occupational licensing in our study, there has to be some additional requirement (even something as simple as a

background check) that could serve to limit artificially the number of people who perform that service.

- 4) The enormous variety of occupations that warrant consideration for this project can lead to semantic differences in how to label them. We have attempted to use as broad a definition for licensing as is reasonable. There are many occupational interns or apprentices that we have not counted as a separate license class, as the state of Missouri does on its website.<sup>3</sup> Similarly, local trade licensing laws often list numerous classes of trades, such as apprentice, journeyman, master, etc. When a range of classes together affects one profession, we have counted them as a single occupational license. Alternately, in cases where jobs are both closely connected but clearly separate, with different licensing rules, — such as dentists and dental hygienists — we have counted them, as with all the other listings, as different occupations. The fact that the state began licensing casino employees, an industry overseen by the Missouri Department of Public Safety, led to an increase in of seven occupations on our list — although it could be argued that they should be counted together, as just one. Again, we tried to remain as close to Reason's definitions as possible.

The same difficulties and issues found in Missouri would also be found in every other state. It is reasonable to believe that, even with the addition of these other licensed occupations to Reason's earlier reported total, Missouri still has the lowest number of licenses when compared to all other states. The same factors that we dealt with here, when examining Missouri's licensing regulations in greater detail, would also apply to similar studies focused on the states of Washington of Kansas (which appeared right next to Missouri, at no. 49 and 48, respectively, on Reason's list). The Reason report admits that it likely missed some licensing requirements during its herculean survey of obscure provisions in all 50 states, but clarified that this would have almost always resulted in an undercount, rather than an overcount.

"Show-Me: The Licensing" builds on the research that Reason began, by taking that national comparison of licensing laws to the local level throughout Missouri. Our opening question was, "What good would it do Missourians to have the lowest number of licensed occupations on the state level if they were still subject to more licensing of professions at the local level than in other states?" We are pleased to report that the vast majority of Missouri counties have very little in the way of additional licensing requirements, and that most of Missouri truly can claim to have the lowest amount of occupational licensing in the United States. However, many of the larger counties and cities do require licenses

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for many additional occupations. At “Show-Me: The Licensing,” you can conveniently learn which occupations are licensed throughout the entire state, in each county, and in our larger cities, along with references pointing to the full licensing laws. This data will give Missourians better information about which licenses to work are required in which locations. We hope this tool will encourage more people to inquire into the process by which trade groups seek to license current practitioners to limit competition in their professions, thereby hiking prices and improving their own profits, generally all under the guise of safety and quality.

Much like the Reason study, we have no doubt missed a few of Missouri’s licensed occupations. Much of our research was conducted by simply asking counties to tell us which occupations they licensed. Because most counties in Missouri do not make their code available online, we had no other way of researching the subject short of visiting all 115 county seats. If any reader sees an error or omission, we encourage reporting it to the author, at [david.stokes@showmeinstitute.org](mailto:david.stokes@showmeinstitute.org), so that we can continue to update this project. As we add to the listings, we also hope to determine the level of licensing under which every occupation falls: registration, certification, or full licensure. The fact that Missouri has fewer occupational licensing laws than other states should not serve as a reason to enact more of them, any more than we might seek to obtain a strain of the Ebola virus

from neighboring states if they were unfortunate enough to suffer an outbreak.

## EXPLANATION OF LAWS AND DATA

The state of Missouri licenses 75 occupations. Almost all of them fall under the strictest category of licensure, and requirements for most of them can be found online at [difp.mo.gov](http://difp.mo.gov). One interesting Missouri law is RSMo 71.620,<sup>4</sup> which explicitly forbids local governments from licensing or taxing certain professions that are licensed at the state level — even outlawing simple business licenses. The same law allows certain other professions to be licensed by local governments only if the practitioner maintains an office within the city itself, at which point a general business license is allowed. One quirk in the state law is that although it allows the city of Saint Louis to charge a general business license for engineers, the city’s own charter completely exempts state-licensed engineers from all business licenses. I’m not certain how this came to be; perhaps the engineering lobby was especially powerful in the city before World War I.

The interesting cases in state law are the four occupations that the state does not license, but that it requires counties or cities to license. Those occupations are notary public,<sup>5</sup> auctioneer, electrician, and plumber. All counties are required to license auctioneers. Because of this state law, an auctioneer’s license is the

only occupational license required and sold in the substantial majority of Missouri’s small counties. Auctioneer licenses are transferable among counties, which simplifies the process greatly. However, it seems odd that a license would be sold with such a short shelf life — you can buy a county auctioneer’s license to practice for a duration of as little as 10 days — if it was intended to be transferable?

Electrician licensing is a peculiar law (RSMo 77.505). All third-class cities within the state (cities with a population greater than 2,500) are required to license electricians, unless they are within a third-class county (the small counties) or a first-class county with a charter government (three of the largest counties). An additional exception is that the third-class county exemption does not apply to the city of Rolla, for whatever reason, so Rolla is required to license electricians. The result of this law is that all the mid-sized cities in the state, which are the third-class cities within second- or first-class counties, are required by state law to license electricians. The exemption for first-class charter counties exists so that licensing can be done at the county level, rather than having almost every single municipality in, say, Saint Louis County establish its own system of licensing electricians.

Plumbers are licensed similarly to electricians under state law (RSMo 341.040). Every city in Missouri with more than 15,000 people must set up a system to license plumbers. However, counties may also choose to license plumbers, and in those cases

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the county licensing may serve as the license for cities within the county. Again, this latter stipulation applies primarily to Saint Louis County, with its 91 municipalities, many of which have more the required 15,000 people.

Several occupations tend to be licensed by all of the larger cities in Missouri. Aside from plumbers and electricians, occupations such as taxi drivers, security guards, tow truck operators, pawnbrokers, and door-to-door salesmen or street vendors are licensed in most or all of Missouri's larger cities. The largest counties, such as Saint Louis and Saint Charles, and the largest cities of Saint Louis, Kansas City and Springfield, also generally have strict trade licensing above what is required by state law. Heating and air conditioning workers, elevator repairman, boiler operators, and fire suppression system installers usually have strict licensing requirements in those areas.

Despite being the second-largest county in the state, Jackson, has almost no occupational licensing. This likely stems from the fact that almost the entire county is incorporated, with far fewer individual cities than in Saint Louis — 18, as opposed to 91. Almost all of them are large enough to handle their own public works administration and licensing. The only licensed profession (that we can find) in unincorporated Jackson County is the employees of adult businesses, who are required to obtain a special license to work in those establishments.

Outside of the larger counties and cities, only a few localities

license additional occupations. Sainte Genevieve and Saint Charles counties license ferry boat operators. Lawrence County licenses septic tank installers. Pemiscot County licenses contractors operating within the county, which, in effect, probably covers a large number of the trades we have previously discussed.

Firefighters are a particularly difficult occupation for which to pinpoint the applicable regulations. This is because of the large number of different organizations that provide fire protection services in Missouri. There are municipal fire departments, suburban and rural fire districts, and rural volunteer fire departments. Each city, district, or department can set their own standards. Obviously, the standards required to work as a firefighter in a large city are going to be much stricter than to work as a volunteer firefighter in a rural area. There are often no standards for the latter situation, although many volunteer firefighters do voluntarily undergo a basic level of training. Our research indicates that most cities and larger counties are using the certification system set up by, but not required by, the Missouri Division of Fire Safety. Very large cities or counties, like Saint Louis, have their own fire training academies with their own licensing standards, which generally exceed the state training recommendations.

Then there are the strange licenses. Saint Louis city licenses process servers. Saint Louis County licenses stretcher van drivers. Kansas City requires television and

radio repairmen to get a license, while Springfield licenses escort services. (One assumes that this is on top of general laws criminalizing prostitution.) Simply renting property out as a landlord requires registration with the government in Saint Louis city and Joplin, while working as an arborist requires government permission in Kansas City. Driver education instructors have to first pass their own test in Kansas City before they get to make a living by testing others. Precious metal dealers in both Columbia and Kansas City have to register with the city before they can sell gold or silver, as if the federal counterfeiting and forgery laws were not enough.

Looking at the big picture, though, Missourians at both the state and local levels are subject to less occupational licensing than those living in any other part of the country. This is something Missouri should be proud of, while still resisting the urge to expand licensing and always looking for opportunities to reduce or eliminate existing requirements.

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## NOTES

- <sup>1</sup> Researching every single village, town, or city in Missouri was beyond the capacity of the author. It is safe to say that the smaller villages or towns have very little, if any, additional licensing.
- <sup>2</sup> Friedman, Milton, *Capitalism and Freedom*, 40th Anniversary Edition, The University of Chicago Press, 2002, pp. 144–149.
- <sup>3</sup> For further comparison, Career One Stop, a national database of licensed occupations, online at [acinet.org](http://acinet.org), uses a very technical definition of occupations. It lists 105 different licensed occupations in Missouri, including counting seven different varieties of tattoo artists as seven different professions. This author just counted it as one.
- <sup>4</sup> <http://tinyurl.com/5bu47u>
- <sup>5</sup> Given that nobody works as a full-time notary public, and notary services are part of a legal process, it is a legitimate question as to whether they should be considered a licensed occupation. We have, however, decided to include them, because people do get paid to serve as notaries and the profession is licensed by the state.