



Improving Occupational Licensing with Sunrise and Sunset Reviews

BY IRIS HENTZE

Occupational licensure is a regulatory method that requires people to secure a license from government in order to practice a certain trade or profession. When implemented effectively, occupational licensure helps protect public health and safety and improves the quality of goods and services. On the other hand, occupational licensure may create unintended consequences by creating barriers for workers entering the labor market.

Policy makers can use sunset and sunrise processes to help address burdensome or out-of-date occupational licensing laws. According to the [2015 "Occupational Licensing: A Framework For Policymakers"](#) report from the White House, "Sunrise and sunset provisions offer an impor-

tant way for policymakers to consider the merits of licensure and its effects on public health and safety, provider supply, administrative costs, and the price of goods and services."

A sunrise review occurs before legislation is enacted. Proponents who want to regulate an occupation or profession must outline the potential impacts, costs and benefits of that regulation. Lawmakers then can review the information before moving forward with legislation. A sunset review takes place after legislation is enacted to create a state board, commission or agency, requiring periodic reviews or audits of these entities. This allows legislators to re-evaluate government functions to ensure continued relevancy, effectiveness and efficiency. As applied to occupational licensing policy, sunset reviews sometimes result in modify-

Did You Know?

- [Fourteen states](#) have active, formal sunrise processes.
- Thirty-six states have some form of sunset process for existing occupational licensing laws.
- [Texas](#) performed 21 sunset reviews in 2017 while Colorado conducted two sunrise and 15 sunset reviews, and Arizona performed three sunrise and 12 sunset reviews.



ing licensing requirements and boards or, in some cases, eliminating, or “sunsetting,” them entirely.

State Action

Sunrise and sunset review processes vary widely by state. Some states subject all agencies created by statute to periodic sunset reviews while some require only select agencies and regulatory boards to undergo reviews. Still others task legislative committees with determining which entities must be reviewed and when.

Colorado was the first state to implement a sunset review process in 1976. The state Department of Regulatory Agencies (DORA) is responsible for conducting sunset reviews. DORA presents a report to the legislature detailing an agency’s history, function and demonstrated public need for continued existence. The report also analyzes the degree of regulation necessary for an entity or function and makes recommendations for any changes to ensure the least restrictive level of regulation “consistent with the public interest.” DORA also must examine any new proposals to regulate a previously unlicensed occupation and submit recommendations to the General Assembly.

Texas serves as another example of a state with a long-standing, active sunset review process. The Texas Sunset Advisory Commission was created by the Texas Legislature in 1977. Early sunset reviews focused on whether the state should regulate certain occupations. In 2013, the Legislature identified [additional criteria](#) for the Sunset Advisory Commission to consider when reviewing occupational licensing agencies. The criteria include examining whether licensing serves a meaningful public inter-

est, studying the extent to which skill and training requirements impact applicants, and reviewing any associated economic costs.

Following Colorado’s lead, many states implemented their own sunrise and/or sunset review processes. As [reported by the Council on Licensure Enforcement and Regulation \(CLEAR\)](#), 36 states passed legislation to create a sunrise or sunset review process in the 1980s. However, by 1990, six states had repealed their laws and began to transition their formal sunset review processes to broader, “program evaluation” processes.

[Arizona’s sunrise review process](#), established in 1985, originally only examined new proposals for regulating or expanding the scope of practice for health-related occupations. In 2014, lawmakers expanded the state’s sunrise process to review proposed regulations for non-health care occupations.

During this year’s session, the Illinois General Assembly considered a bill to require both a public health and safety and economic analysis of proposed occupational licensing regulations to be submitted to the appropriate committee. Ultimately, the bill did not pass before the regularly scheduled session ended.

Formed in late 2016, Oklahoma’s Occupational Licensing Task Force was given one year to study occupational licensing policy in the state and provide a [list of recommendations](#) to state policymakers. One of its 12 recommendations proposed that the Legislature form a Legislative Sunset Review Committee to integrate occupational license reviews into the state’s existing sunset review process.

Occupational Licensing: Assessing State Policy and Practice

NCSL—along with the Council of State Governments and the National Governors Association Center for Best Practices—is examining states’ occupational licensing policies under a grant from the U.S. Department of Labor, Employment and Training Administration. The project’s goals are: 1) to ensure that existing and new licensing requirements are not overly broad or burdensome and don’t create unnecessary barriers to labor market entry, and 2) to improve the portability for selected occupational licenses across state lines. In addition to producing research, convening stakeholders, and delivering technical assistance to states, the project includes an 11-state consortium that is exploring policy options, including sunrise and sunset processes, to improve the way they license occupations.

Additional Resources

- [NCSL’s The State of Occupational Licensing report](#)
- [NCSL’s National Occupational Licensing Database](#)

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