



## PRESS RELEASE

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### **Study Highlights Employment Barriers in Puerto Rico Stemming from Excessive Occupational Licensing and Urges Reform**

Puerto Rico has more than 140 occupational licenses, 34 of which are required in fewer than five U.S. jurisdictions, including 13 that exist only on the Island. This is revealed in the report titled *Unleashing Potential: The Burdens of Occupational Licensing and How They Can Be Reformed in Puerto Rico*, published by the Institute for Economic Liberty (ILE, by its Spanish acronym). The study conducted by ILE details the problems caused by excessive occupational regulation and proposes concrete actions for the Island's government to address them.

Occupational licenses are state regulations that set requirements for individuals to practice a specific trade or profession. These requirements may include formal education or training, work experience, passing exams, and payment of fees, among others. The purported purpose of occupational licenses is to set minimum quality standards of occupational practice to protect public health and safety; however, empirical evidence has shown that occupational regulation does not guarantee high-quality service or yield significant benefits.

Over the years, the requirement for occupational licenses has expanded to jobs that do not pose risks to health and safety. This has turned them into burdens and deterrents for individuals aspiring to work—particularly in low- and middle-income occupations such as automotive technician, apprentice as a refrigeration and air conditioning technician, recreational leader, shampooer, travel guide, condominium administrator assistant, and electrical helper—due to the combination of cost, effort, and time required to obtain a license.

Recent studies have revealed that occupational licensing requirements have cost approximately 2.85 million jobs and over \$200 billion annually in price increases affecting consumers in the United States. For this reason, occupational licensing reform has been a key public policy issue for the administrations of Presidents Barack Obama, Donald J. Trump, and Joseph R. Biden, Jr., aimed at fostering job creation, increasing labor force participation, and promoting economic development.

The ILE report published in 2024 has now been released in light of the pressing need to eliminate barriers that are limiting employment and economic development in Puerto Rico. The authors of

the ILE report are Dr. Ángel Carrión Tavárez, Director of Research and Public Policy at ILE; Dr. Dick M. Carpenter II, Senior Director of Strategic Research at the Institute for Justice; and Dr. Edward J. Timmons, Associate Professor of Economics and Director of the Knee Regulatory Research Center at West Virginia University.

Carpenter stated that “the right to earn an honest living is among the most important rights of free people. Yet, through occupational licensing—which is a government permission slip to work—the government in Puerto Rico imposes on that right, often unnecessarily. These licenses impose significant costs on consumers and aspiring workers, yet they rarely deliver the purported benefits. The widespread licensing in Puerto Rico desperately needs reform.”

“Puerto Rico is losing workers and rigid occupational licensing requirements are not helping. By removing unnecessary barriers to work and implementing the reforms we suggest in our Institute for Economic Liberty piece, Puerto Rico can take an important step forward toward economic recovery and prosperity,” added Timmons, whose studies on occupational regulation have been cited by the White House, Congress, and the Federal Trade Commission. He has also provided expert testimony before state legislatures in the United States.

For his part, Carrión Tavárez stated, “Puerto Rico has subordinated its economy to U.S. industrial policy and tax incentives instead of pursuing sustainable grassroots economic development beyond the shifting tides of federal policies. Reforming occupational licensing is an action that policymakers in Puerto Rico can take to stimulate the kind of economic growth that generates prosperity opportunities driven by people’s industriousness.”

The proposed actions include eliminating occupational licenses in Puerto Rico that do not serve the purpose of protecting public health and safety; reducing restrictions for individuals with criminal backgrounds; adopting universal recognition of U.S. licenses; aligning the burdens of legitimate licenses in Puerto Rico with the less burdensome requirements of equivalent licenses; and strictly limit the creation of new licenses to the criterion of protecting health and safety.

Carrión Tavárez concluded, “Occupational licensing reform is vital amid Puerto Rico’s economic challenges, as it can stimulate employment and entrepreneurship, curb costs, improve access to quality services for consumers, and reduce—if not reverse—the drain of skilled talent leaving the Island in pursuit of economic opportunities elsewhere. After all, if many Puerto Ricans can achieve prosperity in the states, they can do the same in Puerto Rico if given the chance.”

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## **About the Puerto Rico Institute for Economic Liberty**

The Institute for Economic Liberty (ILE) is a 501(c)(3) non-profit, non-partisan, non-governmental organization created with the genuine desire to ensure that everyone on the Island has equal opportunities to unleash their maximum potential and create their own success. We believe that effort and merit should be rewarded and prosperity should be driven by people’s creativity, entrepreneurship, and innovation. We want to live in a Puerto Rico where everyone can be empowered to achieve their goals and progress in a free and open society. You can learn more about ILE at [institutodelibertadeconomica.org](http://institutodelibertadeconomica.org), as well as on Facebook and Instagram @ilepuertorico.