



Chair Bergquist and members of the committee:

Please accept this proponent, written testimony on HB 2704, a bill that would disallow municipalities from prohibiting home-based businesses nor requiring the permitting or licensing of such businesses.

Home-based businesses are a rapidly growing form of entrepreneurship that provides economic opportunities to local Kansans. Between 2019 and 2021 amidst the COVID-19 pandemic, the number of home-based workers in the US tripled.¹ Home-based businesses range from remote workers whose formal office can be their home, to workers who may struggle to find work elsewhere. According to a survey of 1,902 home-based entrepreneurs, 31% of respondents identified a disability as a reason for their business.²

However, outdated regulations can make it difficult for home-based businesses to operate. In many municipalities across the country, someone might have to apply for a permit and go through public comments or a hearing just to work inside their home.³ For instance, a Nashville-based barber who wanted to work from home to save costs was ordered to shut down her business by the city because it violated an ordinance prohibited from serving clients on their property.² Despite this, her business had received no complaints from neighbors and had limited customers at a time.

HB 2704 would be a massive step towards guaranteeing home-based businesses an opportunity to succeed without being burdened by regulations.

Burdensome regulations often harm local businesses and the Kansas economy. As of 2018, occupational licensing in the state of Kansas has caused 29,409 jobs to be lost, representing a lost economic value of \$197.5 million.⁴ Often the groups most hurt by licensing and regulations are minorities or disadvantaged groups. Strict licensing reduces the probability of a Black individual working as a barber by 17.3%.⁵

¹ Michael Burrows, Charlynn Burd, and Brian McKenzie, *Home-Based Workers and COVID-19 Pandemic*, US Census Bureau, Report Number ACS-52, <https://www.census.gov/library/publications/2023/acs/acs-52.html>

² Jennifer McDonald, *Entrepreneur from Home*, Institute for Justice, January 2022, <https://ij.org/report/entrepreneur-from-home-how-home-based-businesses-provide-flexibility-and-opportunity-and-how-cities-can-get-out-of-their-way/>

³ Chris Edwards, *Entrepreneurship and Home Businesses*, Cato Institute, December 15, 2022, <https://www.cato.org/publications/facilitating-personal-improvement-entrepreneurship-home-based-businesses#>

⁴ Institute for Justice, *At What Cost? State and National Estimates of the Economics Costs of Occupational Licensing*, <https://ij.org/report/at-what-cost>

⁵ Mercatus Center, *Occupational Licensing and the Poor and Disadvantaged*, <https://www.mercatus.org/publications/corporate-welfare/policy-spotlight-occupational-licensing-and-poor-and-disadvantaged>

States have created economic opportunity by reducing their regulatory burden; municipalities can achieve similar results by making their communities somewhere people can regularly set up businesses. For instance, in 2017, Arizona passed a bipartisan Right to Earn a Living Bill. In its aftermath, the state dropped 881 different licensing fees for low-income applicants.⁶ Further licensing reform in 2019 is expected to increase Arizona's employment by 15,991 workers and GDP by \$1.5 billion by 2029.⁷

HB 2704 would produce economic effects across the state. For one, home-based businesses could open earlier and remain open without being burdened by regulatory costs. On the other side of the equation, municipalities would have less of a regulatory burden to enforce at the expense of taxpayers.

We appreciate this opportunity to submit testimony and thank you for your consideration.

⁶ Heather Curry, Thousands of Arizona Workers Benefit from Universal License Recognition, Goldwater Institute, February 22, 2023, <https://www.goldwaterinstitute.org/new-thousands-of-arizona-workers-benefit-from-universal-license-recognition/>

⁷ Common Sense Institute Arizona, *Economic Implications of Universal License Recognition: A Review of 2019's HB 2569*, May 22, 2022, <https://commonsenseinstituteaz.org/economic-implications-of-universal-license-recognition-a-review-of-2019s-hb-2569/>