



Testimony

Testimony on House Bill 2211—Automotive Licensing

Presented Before the House Licensing & Administrative Procedures Committee

by Marc Levin, Esq.
Director, Center for
Effective Justice

- Only three states—Georgia, Illinois, and Missouri license auto body repairers and body shops.
- The bill’s language is overly broad. For example, it provides that “a person may not operate a business that performs or offers to perform automobile service and repair unless the person holds an automotive shop license issued under this subchapter.” Service is defined earlier in the bill to include virtually anything from “changing fluids” to painting. Every gas station that performs oil changes would need a license under this legislation. As we read it, the bill would also cover an individual who repairs or provides service on a car to a friend if the friend provides compensation or equipment or supplies that are used.
- The bill also states that “A licensed automotive shop may not provide a service unless the shop employs a full-time automotive technician who holds a certificate that authorizes the technician to perform the service.” It is irrational to prohibit a shop that has two part-time technicians who together handle the work.
- The requirement that technicians pass a written exam is also problematic, because many mechanics who may do excellent work with their hands may have a limited educational background and, consequently, their performance on a written exam does not accurately reflect their competency. Additionally, the 30 hours of continuing education requirement for auto technicians is onerous and more than I have to do as a lawyer.
- This bill creates a new criminal penalty that would cover any conceivable rule that bureaucrats may adopt under this chapter. It also allows state regulators to obtain draconian emergency orders without notice or a hearing, taking away a technician’s livelihood or putting a repair shop out of business, even cutting off their utility service. The Sunset Commission Occupational Licensing Model recommended that “Criminal penalties should exist only for agencies overseeing practices that can have dire consequences on the public health and welfare.”
- A University of Minnesota study of occupational licensing found that “occupational licensing reduces employment growth in states that are licensed relative to those that are not regulated.” States that licensed dietitians and nutritionists, respiratory therapists, and librarians experienced 20 percent lower employment growth in these fields. UT-Austin Economics Professor Dan Hammermesh estimated that the “deadweight loss” to society from occupational licensing is between \$34.8 and \$41.7 billion per year.
- This bill has a negative \$6.5 million fiscal note due to the large number of regulators that would be needed police the numerous auto repair shops and technicians across the state.
- Market mechanisms ranging from word-of-mouth to the Better Business Bureau enable consumers to select qualified automotive shops. There are also respected private, voluntary certification providers for auto mechanics, such as the National Institute for Automotive Service Excellence, whose seal is commonly recognized. Consumers can also file cases, particularly in small claims court, if they cannot resolve their auto repair disputes, and the Attorney General enforces laws against fraud. 

900 Congress Avenue
Suite 400
Austin, TX 78701
(512) 472-2700 Phone
(512) 472-2728 Fax
www.TexasPolicy.com

¹ See <http://www.townhall.com/content/g/12b9cee4-9ee2-458a-bcc7-dab5f0a845d0>.

² See <http://www.sunset.state.tx.us/licensemodel05.pdf>.

³ See <http://www.ftc.gov/be/seminardocs/050515kleiner.pdf>.

⁴ Hammermesh, Daniel, 1993. *Labor Demand*, Princeton, New Jersey. Princeton University Press. Chapter 3.