

SUBJECT: Revision of the air conditioning and refrigeration contractor license law

COMMITTEE: Licensing and Administrative Procedures — committee substitute recommended

VOTE: 6 ayes — Wilson, Yarbrough, Goolsby, D. Jones, J. Moreno, A. Reyna

0 nays

3 absent — Flores, Haggerty, Palmer

WITNESSES: For — John Osgood, Jr., Texas Air Conditioning Contractors Association

Against — None

BACKGROUND: The Air Conditioning and Refrigeration Contractor License Law (Art. 8861, VTCS) governs air conditioning and refrigeration work in Texas.

Section 10 of Art. 8861, VTCS makes it an offense to purchase refrigerants without a municipal license or a certificate of registration from the Department of Licensing and Regulation. It also is an offense to sell flammable or liquid petroleum-based refrigerant. Both offenses are now class B misdemeanors, punishable by up to 180 days in jail and/or a maximum fine of \$2,000.

Certain people are excluded from regulation under Art. 8861, VTCS including employees of regulated electric and gas utilities, heavy industry, and automobile mechanics and their employers. It is unclear whether these people also are exempt from Section 10 since that section was added at a later time.

The Real Estate License Law (Art. 6573a, VTCS) requires real estate inspector licenses for certain types of real estate inspections.

DIGEST: **Contractor employment of license holders.** An air conditioning and refrigeration contracting company would be required to employ full time in each permanent office a license holder whose license was assigned to that company. A municipal or county official could issue a citation to a non-

exempt company that did not comply. A non-exempt company would not be able to collect a fee or otherwise enforce a contract for services performed unless the company was licensed at the time the contract was signed and the work performed. The commissioner of licensing and regulation would be required to establish rules to administer this by December 31, 1999.

Municipal license standards. Municipal license exams and experience requirements would have to meet the minimum standards set by the state commissioner of licensing and regulation. Municipalities would have until January 1, 2000, to adopt examination requirements. A person holding a current municipal license would have until June 1, 2000, to satisfy the new exam requirements.

Lower penalties for refrigerant rule violations. The bill would reduce the penalty for offenses listed in Section 10 of current law from a Class B misdemeanor to a Class C misdemeanor, punishable by a maximum fine of \$500. Employees of regulated electric and gas utilities, heavy industry, and automobile mechanics and their employers would be exempted from Section 10 rules on the purchase and sale of refrigerants.

Real estate inspection requirements. CSHB 1822 would amend the Real Estate License Law (Art. 6573a, VTCS) to require a business entity that inspects an environmental air conditioning, refrigeration, process cooling, or heating system as part of a real estate inspection to employ a contractor with the appropriate state or municipal air conditioning and refrigeration contractor license. An unlicensed employee could conduct the inspection under the supervision of a licensed contractor. This would only apply to inspections using instruments that require direct, in-line connection to the system.

Miscellaneous provisions. CSHB 1822 would also:

- ! Add cease and desist orders to enforcement powers available to the executive director of the Air Conditioning and Refrigeration Contractors Advisory Board;
- ! Add a definition of “air conditioning and refrigeration contracting company” to the license law;
- ! Require proof of insurance at the time a contractor receives a license rather than with the contractor’s application;

- ! Include the repair of boilers and pressure vessels in the definition of maintenance work and remove a reference to boiler licenses;
- ! Exempt from the license law contractors who work on residential refrigerators, freezers, and ice machines;
- ! Remove the exemption for contractors who work on portable or self-contained ductless refrigeration products that have a cooling capacity of three tons or less; and
- ! Limit to a reasonable and necessary amount fees imposed by municipalities for notices from newly licensed contractors to municipal regulatory bodies.

CSHB 1822 would take effect September 1, 1999.

NOTES:

The committee substitute made minor changes to the introduced version of the bill.

The companion bill, SB 842 by Carona, was referred to the Senate Economic Development Committee.