

SUBJECT: Prohibiting municipal fees charged to certain licensed contractors

COMMITTEE: Urban Affairs — favorable, without amendment

VOTE: 6 ayes — Cortez, Holland, Bernal, Campos, Jarvis Johnson, Slaton
1 nay — Morales Shaw
2 absent — Gates, Minjarez

WITNESSES: For — Mark Gatewood, ABC Home & Commercial Services; Jeff Bauknight, ABC of Texas; D.J. Pendleton, Texas Manufactured Housing Association (*Registered, but did not testify*: Will McAdams, Associated Builders and Contractors of Texas; Annie Spilman, NFIB; Dan Shelley, Plumbing Heating Cooling Contractors; Ned Muñoz, Texas Association of Builders)
Against — (*Registered, but did not testify*: Christine Wright, City of San Antonio)

DIGEST: HB 871 would prohibit any municipality from charging a registration fee to state-licensed air-conditioning and refrigeration contractors for work performed in the municipality or for any notice of licensure that air-conditioning and refrigeration contractors are required to submit to a municipality in which they work.
HB 871 would not prohibit a municipality from charging a building permit fee.
The bill would take effect September 1, 2021.

SUPPORTERS SAY: HB 871 would eliminate the unfair burden imposed on licensed air-conditioning and refrigeration contractors by unnecessary municipal registration fees.
Working in multiple cities that require these fees can cost a contractor

thousands of dollars annually, far exceeding the state licensing fee and imposing onerous financial and paperwork burdens on small contractors in particular. Other state-licensed mechanical professionals, such as electricians and plumbers, are not required to pay municipal registration fees, and nothing specific to the air-conditioning and refrigeration industry warrants additional fees.

These municipal registration fees are redundant and unnecessary because they are not attached to any oversight or regulation that goes beyond the standards set by the state licensing process for air-conditioning and refrigeration professionals. Concerns or complaints about a contractor are handled by the Texas Department of Licensing and Regulation (TDLR), and consumers can verify a contractor's licensure at any time using the department's website. Any concerns about the TDLR's regulation process would not justify cities taking the regulation of state-licensed contractors into their own hands, especially not in a way that could unfairly penalize a particular industry.

**CRITICS
SAY:**

HB 871 would deprive some cities of funds used to offset the costs associated with ensuring that contractors maintain licenses and meet the minimum state requirements to work in those cities. In some cases the city, not the state, is the first or preferred point of contact for consumers with complaints or concerns about these contractors.