

# Shop Licensing Report

A report prepared by the Automotive Service Association ® (ASA).

*ASA has made every attempt to ensure the accuracy of this information but acknowledges the changing nature of city, county and state licensing regulations.*

## Purpose

The pros and cons of shop licensing have become the focus of many automotive industry debates. The purpose of this report is to provide the industry with a status of shop licensing, including the positions of the of Automotive Service Association (ASA) and its affiliates; as well as the specifications of existing state and county laws. From this information, industry members can evaluate other's positions on the subject and gain useful facts to help in their analysis of shop licensing.

## Methodology

Using a questionnaire about shop licensing, the Automotive Service Association surveyed the ASA affiliates. Information about existing state laws was compiled through telephone research. All initial research was complete on March 17, 1992. Updates to the report are made on an ongoing basis.

# Shop Licensing Report

A report prepared by the Automotive Service Association ® (ASA).

## Shop Licensing: A Chronological History

In 1969, an analysis of the laws of the 50 states by The Library of Congress revealed that only one state (Connecticut) had an effective statute regulating automobile repairers. While other states had statutes that seemed to require licensing of automotive garages, most were simple registrations and none had any significant impact on the regulation of the business practices of the automotive industry.

The initial rumblings for shop licensing began in 1965 because of widespread consumer discontent and concern about the automobile, its costs, ineffective warranties and poor repairability. In 1968, Congress initiated a four-year investigation of the auto repair industry and disclosed five major areas where multibillion dollar economic losses occurred to the motorist. Foremost among these was the cost of unnecessary and unsatisfactory repairs due to difficulty in diagnosing vehicle faults. In addition, the Federal Trade Commission (FTC) conducted an independent study of auto repairs, warranties and consumer complaints. Federal involvement ultimately led to proposals requiring the states, under the National Highway Traffic Safety Act, to develop licensing statutes. The hearings also served as justification for the passage of the Motor Vehicle Information and Cost Savings Act. This law required research on the development of diagnostic equipment, inspections and methods of cost reduction in auto repairs. It also required the car companies to build cars with bumpers that could sustain no damages at impacts up to 5 miles per hour. Finally, it required states to record odometer mileage at the time of sales and title transfer. Title III of the Act authorized the Secretary of Transportation to establish a number of motor vehicle diagnostic inspection and testing centers throughout the country.

In 1971, while the bill to require state licensing was still in its deliberative stage, the Independent Garage Owners of America (IGOA, now ASA) created the National Automotive Technicians Certification Board (NATCB) to begin the process of certifying automotive technicians. Later that year, the repair industry, backed by car manufacturers, formed the National Institute for Automotive Service Excellence (NIASE, now known more commonly as ASE). In 1972, Automotive Service Councils (ASC, formerly IGOA) conveyed the control of NATCB to ASE, which was fast becoming the recognized leader among industry groups providing authorized certifications. The service repairers rallied uniformly in support of voluntary certification programs and quelled, for the moment, mandated state and federal licensing laws.

Still, by the mid-1970s, American-made cars had taken a quality nose dive and consumer complaints increased to the point that German and Japanese vehicles had seized a significant share of the new car market. While in 1969, only Connecticut had an effective statute regulating the service industry, by 1977 more than 20 states had comparable laws on the books. By 1985, the quality of American cars began to improve. At the same time, the quality level of foreign competitors also showed marked improvement. The net effect was a diminishment of the push for licensing by the late 1980s.

Recently, the trend has again reversed. There continues to be a groundswell of interest in licensing. All around the country, shop owners, state and county officials, and motorists are making moves to pursue licensing as a way to regulate the industry, and thereby improve the quality of auto repairs.

ASA compiled this licensing guide to be used as a tool by ASA state and local affiliates interested in pursuing or influencing the content of licensing laws. Additionally, ASA has sponsored seminars at which the pros and cons of licensing were discussed and attendees were given a forum to seek guidance. The final chapter in the history of automotive repair licensing has yet to be written. ASA will continue to play a major role in issues related to licensing, and will provide continued support to members seeking legislative solutions to the problems confronting the industry today.

# Shop Licensing Report

A report prepared by the Automotive Service Association ® (ASA).

## Shop Licensing Positions

### Automotive Service Association (ASA)

ASA does not support national licensing. It believes decisions about licensing should be made at state levels and opposes any effort by the Federal government to license automotive service businesses or technicians.

#### ASA Affiliates

*The following positions are composite, brief summaries as reported to ASA.*

#### **ASA-ARIZONA**

Does not have a formal position on licensing. It is not currently an issue.

#### **ASA-BATON ROUGE**

Does not have a formal position on licensing.

#### **ASA-COLORADO**

Supports licensing for mechanical and collision repair businesses. The organization believes that licensing should include certification and equipment specifications, and accredited training (i.e. ASE or I-CAR).

#### **ASA-FLORIDA**

Continues to support shop licensing. ASA-Florida helped draft legislation that expanded the Florida Motor Vehicle Repair Act to require registration of repair facilities (see [State Laws](#)). It has been predicted by a state representative that technician licensing is in the future for Florida.

#### **ASA-GEORGIA**

Does not have a formal position on shop licensing. The board of directors has considered licensing in the past, but at this time there is no consensus to pursue licensing.

#### **ASA-ILLINOIS MECHANICAL DIVISION**

Supports licensing that has measurable standards. Currently, Illinois has a state licensing law for repair facilities (see [State Laws](#)). ASA-Illinois is serving on the Attorney General task force, charged with the writing of an automotive reform act, which will include licensing of mechanical repair facilities. ASA-Illinois supports licensing of mechanical repair facilities.

#### **ASA-GREATER KANSAS CITY**

Does not have a formal position on shop licensing.

## **ASA-NEW ORLEANS**

Does not have a formal position on shop licensing.

## **ASA-NORTH CAROLINA**

ASA-North Carolina has drafted a licensing bill for collision repair shops, and does support licensing. The group is in the process of gathering industry information on licensing to present legislation that would give some of the same results as a licensing law. The group is concerned that licensing could be difficult to enforce and that licensing could become another tax. ASA-North Carolina strongly supports voluntary industry standards and point of sale control of hazardous material.

## **IGO-NORTH CAROLINA**

Does not have a formal position on shop licensing.

## **ASA-OHIO**

ASA-Ohio was successful in getting H.R. 143, Collision Shop Registration Legislation, passed by the Ohio General Assembly and signed by then Gov. Voinovich in August 1997. The new law requires all non-dealership collision shops to register with the state.

## **ASA-OREGON**

Does not have a formal position on shop licensing, however, a committee has been formed to gathering industry information on the issue.

## **ASA-SOUTH CAROLINA**

Opposes shop licensing at this time. The ASA-South Carolina licensing committee will remain in place to pursue the issue at a later date, if needed.

## **ASA-WASHINGTON**

Does not have a formal position on licensing. However, the group supports voluntary standards if established by the automotive service industry with the goal of promoting customer satisfaction, mutual respect and shop proficiency.

**Note:** These represent the positions of ASA's 14 affiliates (as of Jan. 2000). The Association is represented nationwide with members in all 50 states.

# Shop Licensing Report

A report prepared by the Automotive Service Association ® (ASA).

## State Licensing Laws

*The following are very brief narrative descriptions of various state laws and are not intended to be complete or definitive. Interested persons should contact each state or its attorney general's office for detailed information on specific state laws.*

### ALABAMA

The State of Alabama requires automotive repair facilities to pay license taxes. For a one-person shop the fee is \$5; a shop with more than two people, \$10. A shop with more than two people must also pay \$5 for each additional person after the initial \$10 fee.

### ALASKA

Alaska requires painters who use hazardous paint for more than 48 hours in any 30-day period to be certified by the state. To receive certification, painters must attend a 16-hour training course approved by the Alaska Department of Labor. The certification is valid for three years and costs \$100. Once certified, painters must take an 8-hour refresher course every three years to retain certification.

### CALIFORNIA

California has a state law that requires auto repair businesses to register with the Bureau of Automotive Repair. This law is governed by the Department of Consumer Affairs. Fee is \$200 annually. Requirements include having city/county business license; a Federal Employer Identification Number; a State Board of Equalization Identification or resale permit number; an EPA hazardous waste permit number; equipment necessary to repair vehicles; manuals and other repair literature; employee standards; insurance; records of repairs; and ongoing education and training.

### CONNECTICUT

A state licensing law, which does not differentiate between the trades, requires at least one technician fully qualified working at least 35 hours in each seven-day week; sufficient tools and equipment for the proper repair; waste retention tasks; business insurance; a sales tax permit number; and a surety bond in the amount of \$5,000. The license is valid for two years. The governing agency is the Dealers and Repairers Division of the Department of Motor Vehicles. There is an application fee of \$140 and a renewal fee of \$340 every two years.

### FLORIDA

Florida requires auto repair facilities to register with the Florida Department of Highway Safety and Motor Vehicles. Applicants must submit other licenses, permits, and certifications before being considered for the shop license. There is a registration fee of \$25 for a shop that does "minor repair service"; \$50 for a shop with one to five employees; \$150 for a shop with six to 10 employees; and \$300 for a shop with more than 11 employees.

### HAWAII

Hawaii requires business registration and a technician's license. To register, a business must meet certain requirements, including employment of licensed technicians, and the shop may only be registered in areas of certification in which the shops full-time employees have been certified. The

University of Hawaii administers technician certification tests. The governing agency is the Hawaii Commerce and Consumer Affairs Department.

## **ILLINOIS**

Illinois has licensing for collision repair businesses only. The law does not have training requirements; however, a business must meet state requirements of workers' compensation, garage liability, a hazardous waste identification number, etc. The governing agency is the Secretary of State. There is an annual fee of \$50.

## **LOUISIANA**

Louisiana law requires inspection stations to obtain a permit through the Office of Motor Vehicles. The Director will determine whether the station is properly equipped with skilled personnel before issuing a permit. Louisiana is going to implement a new emission inspection program beginning in January 2000. This program will allow independent repair facilities to participate. The governing body is the Louisiana Department of Environmental Quality.

## **MAINE**

Under Maine law, inspection mechanics must be certified. A person who wishes to become certified must successfully complete an oral or written examination. Application fee is \$1 and is paid to the Chief of the State Police. The certificate is valid for five years and does not require a further examination upon renewal if renewal is made within one year of expiration. A license for inspection facilities must also be obtained through the Chief of the State Police. Requirements include structurally sound buildings and doorways, specified equipment, and a certified inspection mechanic. The station is obligated to conduct inspections while open to the public and a full-time station must be open at least 35 hours a week; a part-time station, 16 hours.

## **MARYLAND**

The Governor of Maryland has created a state licensing advisory board.

## **MASSACHUSETTS**

The State of Massachusetts requires auto body shops to be licensed. In order to obtain certification, shops must submit an application including proof of air permit and generator of hazardous waste registration. Shops also must be bonded and provide two references. The license is \$300 and there is no application fee. Licenses must be renewed every three years at a cost of \$300. The Massachusetts Bureau of Standards issues the licenses.

## **MICHIGAN**

Michigan has had a state licensing law since 1975. It does not require training or equipment specifications. In order to be certified all technicians must successfully complete a written test. The governing agency is the Bureau of Automotive Regulations. All repair businesses must register for a fee of \$25-\$500 based on number of employees. Licenses must be renewed every year.

## **NEVADA**

Nevada has a state licensing law for auto body repair facilities that consists of a background check for principals of the company and a \$10,000 bond. The license expires annually on Dec. 31 and requires license applicants to have: a city/county business license; a copy of corporate filing with the Secretary of State; sufficient space to safely operate the business; a company sign clearly displayed; insurance; and a federal identification number. The governing agency is the Bureau of Enforcement. There is an annual fee of \$300.

## **NEW HAMPSHIRE**

There are no licensing laws for regular shops and technicians in New Hampshire, however the New Hampshire Department of Safety requires shops and technicians to obtain licenses to participate in their enhanced safety inspection program. Shops must have specified structural measurements, equipment, and licensed technicians on the premises. The fee for the license is \$25 annually. Technicians must attend a 3-hour training course sponsored by the Department, and then must demonstrate their knowledge before a state trooper. There is no fee for the course, but the license must be renewed every three years.

## **NEW JERSEY**

New Jersey law requires auto body repair facilities to be licensed. Under the New Jersey Department of Law and Public Safety-Division of Motor Vehicles (DMV), facilities must submit an application along with an application fee. The Director of the DMV will inspect the applicant's background and facilities before issuing a license.

## **NEW YORK**

According to New York's Motor Vehicle Repair Shop Registration Act, all automotive service shops must be certified. Shops must be in accordance with building codes, fire regulations, zoning, and planning regulations. Application fee is \$10, and at the time of approval, another fee of \$150 is added for each shop an owner possesses. The certificate is valid for two years, upon which a renewing fee of \$150 will be assessed. Official inspection stations must also obtain a license. In this case, a written application must be submitted which establishes the character and background of the applicant. An application fee of \$25 will be charged. The Commissioner of Motor Vehicles will also visit the station to ensure proper equipment and skilled personnel. The annual fee and renewal charge for licenses of official inspection stations is \$50. Inspectors for these stations must be certified. The applicants are also reviewed for character and background. The application fee is \$10 and \$5 annually. The governing agency is the Department of Motor Vehicles.

## **OHIO**

Ohio requires collision repairers to be registered. Applications are made available by the Board of Motor Vehicle Collision Repair Registration and require proof including, but not limited to: a valid vendor license, an U.S. Environmental Protection Agency identification number, and liability insurance. The fee for a certificate is \$100 and must be paid every year thereafter.

## **RHODE ISLAND**

Shop licensing has been in effect for approximately 21 years. The law requires 2,400 square feet of work facility; \$10,000 worth of unspecified tools; proof of zoning; insurance; and a fire safety-check. The law also has regulated storage rates which vary from \$12-\$30/per day depending on vehicle and location. The governing agency is the Department of Business Regulations. Fee is \$100 annually.

## **TEXAS**

Texas law requires automotive service facilities to register with the Texas Water Commission. Applications must ensure compliance with the following: the US Environmental Protection Agency, the US Occupational Safety and Health Administration, the Texas Water Commission, the Texas Department of Health, the Texas Air Control Board, the comptroller of public accounts, and any ordinances or regulations in the immediate area. Both registration and renewal fees are \$50. The certificate is valid for one year. Texas also has implemented air, waste, and water pollutant standards for repair facilities. To learn more about these regulations, which are often revised and amended, please consult the Texas Natural Resource Conservation Commission-Small Business Assistance Program.

## **UTAH**

Under state law, Utah requires body shops to have licenses. An applicant must first file a corporate surety bond in the amount of \$10,000. After meeting zoning ordinances, fire codes, EPA regulations, and any other regulations or rules specified by the Utah Department of Motor Vehicles, a license will be issued to the facility. The license must be renewed annually for \$100.

# Shop Licensing Report

A report prepared by the Automotive Service Association ® (ASA).

## County Licensing Laws

*The following are very brief narrative descriptions of county laws and are not intended to be complete or definitive. Interested persons should contact each county or its consumer protection office for detailed information on specific county laws.*

### **BOWARD COUNTY, FLORIDA**

Broward County, Fla., has both collision and mechanical repair licensing laws. The laws require specific equipment, certification and training. Businesses must also comply with the requirements of the "Florida Vehicle Repair Act." The laws both require a board be established for each division and consist of seven members each. These boards are made up of industry members, county commissioner appointees and two persons not involved in either collision or mechanical repair. The governing agency for both laws is the Consumer Affairs Division of Broward County.

The collision repair licensing fees are \$325 per business annually; \$50 per technician annually and \$25 per trainee annually. The mechanical repair licensing fees are \$200 per business annually; \$25 per certified technician and \$10 per trainee annually.

### **DADE COUNTY, FLORIDA**

The Dade County, Fla., ordinance regulates all motor vehicle service and repair facilities. The ordinance requires automotive service facilities to register with the county and meet equipment requirements. The technician certification provision requires a business to have at least one certified master or specialty technician, or one certified paint/body technician in its employ. As part of the provision, businesses must have at least one technician certified in each category of repair work that the shop offers to the public, and register all technicians with the county. Businesses must also meet the requirements of the "Florida Vehicle Repair Act."

Annual registration fees are \$200 for automotive facilities; \$25 for master technicians, specialty technicians and paint/body technicians; \$20 for limited authorization technicians; and \$15 for apprentices. Violations of the ordinance are punishable by a fine not to exceed \$500, or by imprisonment not to exceed 60 days in the County Jail, or both. Day-to-day administration and enforcement of the ordinance are done by the County Manager or his designee.