SMALL BUSINESS

The need for occupational licensing reform in Idaho

By Luke Hill
Contributor

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INTRODUCTION

The trades, electrical, plumbing, and HVAC (Heating, Ventilation, and Air Conditioning), face a growing concern surrounding what could most accurately be labeled a retirement crisis. Some estimates say that for every five journeyman who retire from the trades, only two apprentices from a younger generation will replace them.

While this statistic may be questionable, basic economics tells us that when the demand for labor exceeds the quantity supplied, the salary of that labor rises. Given that the real wages of trade workers is rising, there is a rising demand for trade workers, implying an insufficiency in the current stock of trade labor.

Of course, the government-regulated labor market can address an insufficient number of laborers. But those government regulations, particularly licensure requirements, inhibit the ability of the market to respond to new demand for labor. Licensure raises the price of entry into the trades' labor market, artificially limiting the number of people who can enter it. Given the ever-important need for skilled laborers in the trades, this is a big concern. The research shows that Idaho has the ability to lower its licensure requirements without significant harm and therefore should do so.

Idaho's Licensure Requirements

Idaho's licensure requirements are essentially the same across electrician, plumber, and HVAC. To gain a journeyman license, which allows someone to work alone at the commercial level, one must work as an apprentice for 8,000 hours under the supervision of a journeyman, and complete four years of course instruction.

Idaho's licensure requirements are essentially the same across electrician, plumber, and HVAC. To gain a journeyman license, which allows someone to work alone at the commercial level, one must work as an apprentice for 8,000 hours under the supervision of a journeyman, and complete four years of course instruction.

Alternatively, one could also work as an apprentice for 16,000 hours under the supervision of a journeyman. For electrical licensure in particular, a journeyman electrician is allowed to supervise up to six apprentices at a time in residential settings, and two apprentices at a time in non-residential settings (commercial or industrial).[1] No such stated ratios exist in Idaho law for plumbing or HVAC.

Idaho also has a universal licensure law, which allows it to streamline the process of getting a license for those who have already been licensed in another state.[2] For electricians, there is reciprocity with Colorado, Maine, Montana, Nebraska, New Hampshire, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, and Wyoming. For plumbing, Idaho only has reciprocity with Montana, Oregon, and Washington.[3] Finally, for HVAC, Idaho does not have reciprocity with any state, but does allow applicants to submit documentation of 8,000 hours of work and four years (576 hours) of schooling, even if it was completed in another state, to then qualify for the entrance exam.[4]

Comparing Idaho to Other States

To discuss whether Idaho can lower its requirements without compromising costs, it will first be helpful to look at the requirements of the states with which Idaho reciprocates.

As previously mentioned, reciprocation means that the associated trade board would recognize a person's license in Idaho if they received it in a particular state. The obvious implication is that if Idaho recognizes said license as valid, it believes that the requirements of the other state's board were sufficient to establish that the tradesman was competent.

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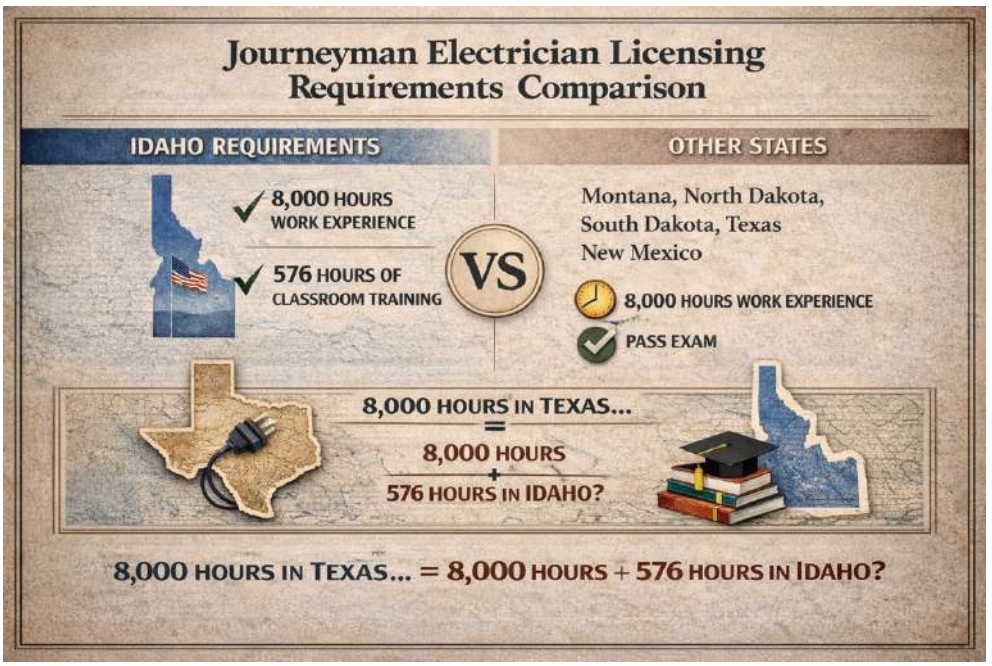
[1] "Electrical Contractors and Journeymen," Idaho State Legislature, July 1st, 2025, available at https://legislature.idaho.gov/statutesrules/idstat/title54/t54ch10/sect54-1010/.
[2] "Occupational Licensing Reform Act," Idaho State Legislature, July 1st, 2025, available at https://legislature.idaho.gov/statutesrules/idstat/title67/t67ch94/sect67-9409/
[3] "State Contractor License: How to Become a General Contractor in Idaho," ServiceTitan, available at: https://www.servicetitan.com/licensing/contractor/idaho.
[4] "Idaho HVAC License Requirements (2025 Licensing Guide)," HVAC Playbook, July 22nd, 2025, https://hvacplaybook.com/licensing/hvac-license-idaho/.

Why has Idaho decided that 8,000 hours of work experience is sufficient if you are in Texas but not if you are in Idaho?

However, not all the states that Idaho reciprocates have the same requirements as Idaho. Focusing on the journeyman license for electricity, Montana,[5] New Mexico,[6] North Dakota,[7] South Dakota,[8] and Texas[9] all have lighter licensing requirements, only requiring 8,000 hours of work experience and a successful examination. This begs the question of why Idaho has decided that 8,000 hours of work experience is sufficient if you are in Texas but not if you are in Idaho. Surely, electrical work is not so different as to make 8,000 hours in Texas equal to 8,000 hours and 576 hours of schooling in Idaho.



As a brief note, this strange standard does not apply in connection to the states to which Idaho reciprocates for plumbing, as they all have very similar requirements, and it obviously does not apply in the case of HVAC where no such reciprocation exists.

Another interesting question would be to look at states with which Idaho does not reciprocate, but which still have low licensing requirements. No state has notoriously unreliable tradesmen, so assuming a level of homogeneity between tradesmen in skill by relative experience across state lines may tell an interesting story. Three examples, one from each of the three trades, will

[5] "Licensing Requirements and Application Checklist Journeyman Electrician," Montana Department of Labor and Industry, July 22nd, 2024, available at https://boards.bsd.dli.mt.gov/_docs/ele/journey-ele-app.pdf.
[6] "New Mexico Electrical License: How to Become a Licensed Electrician in New Mexico," ServiceTitan, available at: https://www.servicetitan.com/licensing/electrician/new-mexico#requirements.
[7] "Qualifications for Licensure," North Dakota State Electrical Board, available at https://www.ndseb.com/licensing/qualifications-for-licensure/.
[8] "Licensing," South Dakota Electrical Commission, available at https://dlr.sd.gov/electrical/licensing.aspx.
[9] "Apply for a New Journeyman Electrician License," Texas Department of Licensing and Regulation, available at https://www.tdlr.texas.gov/electricians/apply/individuals/journeyman-electrician.htm.

suffice. At the state level, Missouri has no requirements for plumbing. For electricians, Illinois has no statewide requirements.[10] Finally, Colorado has no statewide HVAC requirements.[11]

Of course, this is not the full story. Even these states have more local requirements depending on the jurisdiction. And there are states that have more stringent requirements. So what should Idaho do? Should Idaho drop its licensure requirements to match the states it already reciprocates? Should it increase its requirements? Should it do nothing at all? There needs to be a more principled account of the usefulness of licensure. How does licensure actually affect the quality of the trades?

Licensure and Quality

The main argument for licensure is that it protects consumers from poor-quality workers. It is argued that there is a large risk factor if a low-quality electrician enters the field. But does licensure actually ensure that there will be higher-quality electricians, or does it just artificially restrict the number of people in the trades? Are there other associated benefits that may outweigh the costs?

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Research on this topic gives a fair overview of the costs and benefits. In terms of benefits, there is an artificial increase in licensed workers' wages due to the shortage created by the licensing. However, it has been pointed out that "But the wages of workers who are excluded from the occupation are reduced in two ways. First, those who would otherwise have worked in a more highly paid occupation may enter a less well-paid occupation. Second, wages in less well-paid, unlicensed occupations may fall even lower due to the increased number of workers entering them."[12] That is, even if workers' wages are raised in licensed areas, others' wages may fall due to an influx of the labor supply from other employment areas.

Another potential benefit, and the main benefit cited in favor of occupational licensing, is that licensing increases quality. This argument says that in high-risk occupations, such as medicine, where consumers lack the appropriate knowledge to compare between different doctors, or where there is low market competition that lowers the incentive for raising quality between competing firms, the government can protect consumers by instituting licensing that ensures only high-quality workers enter the respective field.

[10] "Contractor Licensing Requirements in All 50 States and DC," Construct Estimates, August 12th, 2025, https://constructestimates.com/contractor-licensing-requirements-in-all-50-states-and-dc.
[11] "Colorado HVAC License: How to Become an HVAC Contractor in Colorado," ServiceTitan, https://www.servicetitan.com/licensing/hvac/colorado#requirements.
[12] "Occupational Licensing: A Framework for Policy Makers," The White House, July 2015, available at https://obamawhitehouse.archives.gov/sites/default/files/docs/licensing_report_final_nonembargo.pdf page 12.

However, this argument has two large problems. First, licensure does not just keep out low-quality workers. It also keeps out high-quality workers by raising the cost of pursuing a trade position. Imagine a no-licensure scenario where standard market practice becomes hiring anyone who completes two years of trade school.

A 2014 study found the incidence of injury and death and for the severity of injury rates and death rates show that the impact of occupational regulation on deaths and injuries is statistically insignificant.

Under this scenario, all people for whom the total cost of pursuing an occupation in the trades is lower than or equal to the total benefit of entering an occupation in the trades will choose to pursue the two-year schooling. Then imagine that the government imposes a regulation that requires 4,000 hours of experience and four years of schooling. For many workers who are disposed to work in the trades, this will make the total costs of attending trade school higher than the total benefit, especially when factoring in the opportunity cost of using that same time to work elsewhere. Therefore, licensure will not only push out low-quality workers, but high-quality ones as well.

But some may argue that this tradeoff is worth it if it really does increase the quality of workers in the field. Yet research has consistently shown that this is not the case. Of the twelve studies reviewed by the aforementioned Obama White House study, only two of them found positive increases in quality.[13]

Granted, none of these studies pertained to the trades specifically, instead covering teaching, law, accounting, dentistry, building contracting, cosmetics, real estate, floristry, and lab technicians, but they provide some evidence that licensure provides little to no effect on quality. The document says outright that "[m]ost empirical evidence does not find that stricter licensing requirements improve quality, public safety or health."[14]

A 2014 study from Kleiner and Park found that "the results obtained for the incidence of injury and death and for the severity of injury rates and death rates show that the impact of occupational regulation on deaths and injuries is statistically insignificant or indeterminate in the multivariate analysis. The estimates presented provide a first approximation of, and new data bearing on, the relationship among occupational licensing, wages, and death and injuries for an important occupation in the construction industry."[15]

If workplace safety is taken as an approximation for worker quality, then it would seem that licensure has not improved said quality.

[13] "Occupational Licensing: A Framework for Policy Makers," The White House, July 2015, available at https://obamawhitehouse.archives.gov/sites/default/files/docs/licensing_report_final_nonembargo.pdf page 58.
[14] Ibid.
[15] "Life, Limbs, and Licensing: Occupation Regulation, Wages, and Workplace Safety of Electricians, 1992-2007," Bureau of Labor Statistics, January 2014, available at https://www.bls.gov/opub/mlr/2014/article/life-limbs-and-licensing.htm.

Conclusion

Despite evidence that there is growing market demand for the trades, and despite evidence that those same trades are suffering from shortages, Idaho continues to impose heavy licensure requirements on electricians, plumbers, and HVAC workers. Idaho's own regulations are even more stringent than the requirements for states whose licenses it recognizes.

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This imposes significant costs on consumers and does not seem to have a positive effect on worker quality based on the available evidence. It would be best practice for Idaho to seek to lower barriers to entry into the trades to meet the needs of the present.

SUMMARY & KEY FACTS

This study argues that Idaho's licensing requirements for electricians, plumbers, and HVAC workers are unnecessarily restrictive and contribute to labor shortages in the skilled trades. The paper contends that these regulations raise barriers to entry without clearly improving worker quality or safety, and that Idaho could safely reduce licensing requirements to expand the workforce and lower costs for consumers.

1. Idaho requires 8,000 hours of apprenticeship and four years of schooling (or 16,000 hours of work) to obtain a journeyman license in many trades.
2. The state recognizes licenses from several states with lower requirements, creating an inconsistency in its regulatory standards.
3. Economic theory suggests that licensing limits labor supply, contributing to higher wages for licensed workers but fewer available tradespeople.
4. Research reviewed in the study finds little evidence that stricter licensing improves quality, safety, or consumer protection.
5. Lowering licensing barriers could increase the number of workers entering the trades and help address labor shortages.

ABOUT THE AUTHOR

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