NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: HB 1166 (First Edition)

SHORT TITLE: Auctioneer Education Requirements

SPONSOR(S): Rep. Black

FISCAL IMPACT

Yes $(X)^*$ No () No Estimate Available ()

FY 1997-98 FY 1998-99 FY 1999-00 FY 2000-01 FY 2001-02

REVENUES/EXPENDITURES

Special Revenue Fund see **ASSUMPTIONS AND METHODOLOGY**Auctioneer Recovery Fund see **ASSUMPTIONS AND METHODOLOGY**

*Note: **No General Fund Impact**

PRINCIPAL DEPARTMENT(S) &

PROGRAM(S) AFFECTED: North Carolina Auctioneer Licensing Board,

North Carolina Auctioneers Commission

EFFECTIVE DATE: The act is effective when it becomes law.

BILL SUMMARY: The act makes several changes in Chapter 85B of the General Statutes concerning auctioneers. Section 1 of the bill requires auctioneer licensees to have a high school diploma or its equivalent. This section also requires licensees to complete 6 hours of continuing education courses each year for license renewal. Section two requires a minimum balance of \$200,000 in the Auctioneer Recovery Fund. Section three increases the maximum fee that the Board can charge for licenses and exams. Section 4 authorizes the Attorney General to prosecute anyone acting as an auctioneer without a license.

ASSUMPTIONS AND METHODOLOGY:

Continuing Education

Section 1 of the bill allows the N. C. Auctioneers Commission to impose a continuing education requirement of up to 6 hours of courses on auctioneers seeking to renew their licenses. Although these courses are offered free to auctioneers twice a year at conventions of the Auctioneers Association of North Carolina, the Executive Director of the Board feels the requirement could discourage part-time auctioneers from renewing their license and thus reduce revenue for the Board's Special Revenue Fund. An unofficial estimate by the Board's Executive Director projects the loss could be one fourth of current licensees. Since the language in HB 1166 is

permissive, this fiscal note assumes the Board will not implement the continuing ed requirements within the next five years and thus no change in revenues.

Auctioneer Recovery Fund

Section 2 of the bill increases the minimum balance in the Auctioneer Recovery Fund that is used to compensate persons who have suffered monetary losses from the fraudulent acts of auctioneers. The bill increases the minimum from \$100,000 to \$200,000. In effect, this change puts into the statutes a practice that the Board has deemed prudent and sound fiscal policy for several years. In 1995, the fund balance in the Auctioneer Recovery Fund was \$220,837. In 1996, the balance dipped to \$188,977 primarily due to \$30,521 in claims paid that year. With Fund interest and a \$50 fee paid by new applicants, the Fund should return to \$200,000 in 1997. If needed, the Board has the authority to assess all auctioneers a fee to insure the Fund has a sufficient balance.

Fees

Section 3 increases the maximum fee the Board can charge for licenses and exams for deposit into the Board's Special Revenue Fund for its operating budget. The Board has not increased the statutory maximum license fee since 1973, but did add exam and application fees in 1993. As shown in the chart below, the Board currently does not use the maximum fees allowed by statute. However, with expenditures exceeding revenues for the last two years, the Board has submitted a fee increase to the Rules Review Commission that would become effective September 1, 1998. The Board's Executive Director feels this fee increase will provide sufficient revenue for Board operations for the next five years. The chart below shows the impact if the Board chose to raise all fees to the maximum when given the authority under HB 1166.

		•		Pending		HB 1166	HB 1166
		Current	Current	Fee	Pending	Maximum	Maximum
	FY 1996-97	<u>Fee</u>	Revenue	<u>Increase</u>	Revenue	<u>Fee</u>	Revenue
Apprentice Auctioneers							
Application for License	15	\$25	\$375	\$50	\$750	\$125	\$1,875
Issuance or Renewal of License	50	\$25	\$1,250	\$50	\$2,500	\$125	\$6,250
<u>Auctioneers</u>							
Application for License	130	\$25	\$3,250	\$50	\$6,500	\$125	\$16,250
Examination	145	\$25	\$3,625	\$25	\$3,625	\$75	\$10,875
Issuance or Renewal of License	2,525	\$75	\$189,375	\$100	\$252,500	\$250	\$631,250
Auction Firms							
Application for License	30	\$25	\$750	\$50	\$1,500	\$125	\$3,750
Examination	10	\$25	\$250	\$25	\$250	\$75	\$750
Issuance or Renewal of License	375	\$75	\$28,125	\$100	\$37,500	\$250	\$93,750
Reinstatement of License	250	\$25	\$6,250	\$25	\$6,250	\$75	\$18,750
Total			\$233,250		\$311,375		\$783,500

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