



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

HOUSE BILL NO. 325

PRINTERS NO. 1129

PRIME SPONSOR: M.K. Keller

### COST / (SAVINGS)

FUND	FY 2012/13	FY 2013/14
Professional Licensure Augmentation Account	\$0	\$0

**SUMMARY:** Amends the Auctioneer Licensing and Trader Assistant Registration Act to update the Act and eliminate the Auction House license. This legislation would take effect in 60 days.

**ANALYSIS:** This legislation amends the Auctioneer Licensing and Trading Assistant Registration Act (Act 85 of 1983) to do the following:

- Provides updated definitions for "Auction", "Auction company" and "Auctioneer", and adds definitions for "Extended auction", "Legally recognized entity", "Live auction", "Online auction", "Real-time auction" and "Trading assistant company."
- Amends Section 3 (relating to auctioneer licenses) to clarify that an individual who engages in auction business in PA must obtain an Auctioneer license, and a legally recognized entity (business entity other than sole proprietorship) that engages in auction business must obtain an Auction Company license.
- Amends Section 3 to make it clear a PA license is required in order to conduct an online auction if the owner or property is located in the Commonwealth. An exception to this general rule is provided when the owner contacts an out-of-state auctioneer to conduct an out-of-state online auction of personal property.
- Amends Section 3 to make it clear licensees are authorized to conduct auctions at any venue within the Commonwealth.
- Amends Section 3 to eliminate the requirement that an Auction Company's Auctioneer-of-record must have an ownership interest in the Auction Company, and to clarify that the Auctioneer-of-record does not need to be present at every auction conducted by the Auction Company.
- Repeals Section 9 to eliminate the separate Auction House license effective on February 28, 2015. Existing Auction House licenses shall remain in effect through February 28, 2015. Any Auction House license holder as that time, who is not the holder of an Auction Company license, shall be required to obtain either an Auction Company license or an Auctioneer license in order to continue in the business and profession of auctioneering in the Commonwealth.

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- Repeals Section 10.1 and replaces it with Section 5.1 to require Trading Assistant Companies to register with the State Board of Auctioneer Examiners in the same manner as required for individual Trading Assistants.
- Amends Section 12 to make licensure by reciprocity available to PA residents who are licensed in another state.

**FISCAL IMPACT:** This legislation would have no adverse fiscal impact on Commonwealth funds for Fiscal Year 2012-13 or 2013-14. Any reduction in fee revenue from this legislation would be minimal and would not occur until Fiscal Year 2014-15 and the years thereafter.

According to the Department of State, the State Board of Auctioneer Examiners would lose \$30,800 every two years with the elimination of the Auction House license starting in Fiscal Year 2014-15 under the current fee structure. The Board has proposed a fee increase that, if approved, would raise the renewal fee to \$260 every biennial period and generate \$40,040 every two years. Currently, there are 154 licensed auction houses that pay a \$200 renewal fee every biennial period.

When the Auction House license expires, the holder shall be required to obtain either an Auction Company license or an Auctioneer's license in order to continue in the business and profession of auctioneering in the Commonwealth. Each of those biennial renewals carries a fee of \$200. This requirement would allow for the recoupment of a portion of the lost revenue under this legislation. However, it is difficult to estimate how many Auction House license holders will need to obtain either an Auction Company license or an Auctioneer's license.

The legislation does create a new registration for trading assistant companies. The registration biennial fee will be \$100. There are currently 57 registered trading assistants in the Commonwealth. The estimated revenue from this new fee is indeterminable at this point. In the event that each trading assistant worked for a separate trading assistant company, thus requiring the registration of 57 trading assistant companies, the Board would receive an additional \$5,700 in registration fees on a biennial basis. This receipt of revenue would not occur until Fiscal Year 2014-15.

It is important to note that the State Board of Auctioneer Examiners has the ability to raise biennial fees, through regulation, to compensate for any lost revenue from the Auction House license.

**PREPARED BY:** Tim Rodrigo  
House Appropriations Committee (R)

**DATE:** March 19, 2013

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*