



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

HOUSE BILL NO. 325

PRINTERS NO. 3084

PRIME SPONSOR: M.K. Keller

### COST / (SAVINGS)

FUND	FY 2016/17	FY 2017/18
Professional Licensure Augmentation Account	See "Fiscal Impact"	See "Fiscal Impact"

**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:

- Amends, repeals and reorganizes a number of provisions in the Act which haven't been modified since initial enactment in 1983.
- Provides updated definitions for "Auction", "Auction company" and "Auctioneer", and adds definitions for "Auctioneer-of-record", "Extended auction", "Group A auction school", "Group B auction school", "Legally recognized entity", "Live auction", "Negotiated Transaction", "Online auction", "Online trading assistant consignment transaction", "Real-time auction", "Seller" 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 allow graduates of Group B auction schools (less than 20 credit hours of instruction) to become licensed after one year of experience as an apprentice auctioneer.
- 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. Existing Auction House licenses shall remain in effect until they expire at the end of the biennial period.

- 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 (Board) 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.
- Amends Section 31 to modify the qualifications required for licensee appointments to the Board. Eliminates the requirement to conduct at least 50 auctions per year.

**FISCAL IMPACT:** According to the Department of State, the loss of auction house licenses would reduce revenues to the Board. There are currently 137 actively licensed auction houses that pay biennial renewal fees of \$260, so the loss of auction house licensees would cause a loss of revenue of approximately \$35,620 every two years. Some of these auction houses would convert to auction company licenses, which would mitigate the fiscal impact on the Board; however, it is difficult to estimate how many would convert to an auction company license. It is important to note that the elimination of the auction house license would not occur until such licenses expire.

The legislation does create a registration for trading assistant companies. There are currently 35 active registered trading assistants in the Commonwealth, so the registration of trading assistant companies may result in a slight increase of revenue to the Board. There is no way of predicting how many trading assistant companies would register. The legislation removes the statutory limit of \$100 on the registration and renewal of trading assistants, so the Board could increase its revenue by increasing the fees associated with trading assistant applications and renewals.

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

**DATE:** July 13, 2016

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