

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. House Bill 325

PRINTER NO. 3084

AMOUNT

See Fiscal Impact

FUND

General Fund
Professional Licensure Augmentation Account

DATE INTRODUCED

April 24, 2015

PRIME SPONSOR

Representative M. K. Keller

DESCRIPTION AND PURPOSE OF BILL

House Bill 325 clarifies and updates Act 85 of 1983 known as the Auctioneer Licensing and Trader Assistant Registration Act (Act) and eliminates the Auction House license.

This bill amends the Act in the following ways:

- Amends, repeals, and reorganizes a number of provisions in the Act which have not 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 Pennsylvania 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 Pennsylvania 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.

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- 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 Pennsylvania residents who are licensed in another state.
- Amends Sections 20 and 29 to increase the maximum civil penalties from \$1,000 to \$10,000.
- 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.

This bill would take effect in 60 days.

FISCAL IMPACT:

The Department of State expects the elimination of auction house licenses to reduce revenue to the Board. Currently, there are 137 active auction houses in the Commonwealth that pay a biennial renewal fee of \$260. The loss of auction house licenses would cause a loss of revenue to the Board of approximately \$35,620 every two years. However, a number of the auction house licenses would convert to auction company licenses at a biennial renewal fee of \$100. The conversion of licenses would partially mitigate the fiscal impact to the Board.

This legislation creates a \$100 biennial registration requirement for trading assistant companies. There are currently 35 trading assistants registered with the Board. Licensing trade assistant companies may slightly increase fee revenue to the Board. There is no way of predicting how many trading assistant companies would register.

The bill removes the statutory limit of \$100 on the registration and renewal of trading assistants. The Board could increase its revenue by increasing the fees associated with trading assistant applications and renewals.