

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: HB 301 (House Proposed Committee Substitute)

SHORT TITLE: Auctioneer Education Requirements

SPONSOR(S): Rep. Culpepper

FISCAL IMPACT

	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 1999-00</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>	<u>FY 2002-03</u>	<u>FY 2003-04</u>

REVENUES

Special Revenue Fund			see ASSUMPTIONS AND METHODOLOGY		
Auctioneer Recovery Fund			see ASSUMPTIONS AND METHODOLOGY		
County School Fund			\$25,000 to \$50,000 per year		
General Fund -					
Department of Justice	\$266	\$266	\$266	\$266	\$266

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. Sections 1, 2 and 7 of the bill allow the North Carolina Auctioneers Commission to assess civil penalties up to \$2,000 for violations detailed in G.S. 85B-8. Section three establishes the procedures for doing a state criminal record check. Section four requires auctioneer licensees to have a high school diploma or its equivalent. This section also gives the North Carolina Auctioneers Commission the power to require licensees to complete 6 hours of continuing education courses each year for license renewal. Section five requires a minimum balance of \$200,000 in the Auctioneer Recovery Fund. Section six increases the maximum fee that the Board can charge for licenses and exams. Section eight authorizes the Attorney General to prosecute anyone acting as an auctioneer without a license. Section nine allows the Department of Justice to do federal criminal record checks for the North Carolina Auctioneers Commission.

ASSUMPTIONS AND METHODOLOGY:

FINES/PENALTIES

The North Carolina Auctioneer Licensing Board receives approximately 80 complaints a year from the public. The Board's interim Executive Director believes that as many as 50 cases a year will be subject to a civil penalty. The bill authorizes a penalty of up to \$2,000, but the Executive Director believes the Board will follow the example of other states and charge between \$500 and \$1,000 per violation. Based on this estimate, between \$25,000 and \$50,000 each year will be deposited into the school fund of the county in which the violation occurred.

CRIMINAL RECORD CHECKS

This bill allows the Department of Justice to charge a reasonable fee for conducting state and national criminal-history record checks. Presently, the Federal Bureau of Investigation charges \$24 for each criminal record check and the North Carolina State Bureau of Investigation charges \$14. In 1998-99, the North Carolina Auctioneer Licensing Board had 131 applicants for licensure. The Board currently receives a criminal record check from the home county of the applicant. The Board's Executive Director estimates that the Board will ask for a state and national criminal record check for only 5% of applicants. In 1998-99, five percent of the caseload would have been seven record checks. The Board will pay the \$266 in record check fees to the Department of Justice.

EDUCATION REQUIREMENTS

Section 4 of the bill requires that applicants for an auctioneer license be a high school graduate or have an equivalent degree. From July 1, 1997 to April 1, 1999, licenses were issued to 18 persons without a high school diploma. Since it is unknown whether this requirement will discourage application for licensing or encourage potential applicants to obtain their GEDs, no revenue estimate is available.

Another part of section 4 allows the N. C. Auctioneer Licensing Board 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 Board's Executive Director 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 301 is permissive, this fiscal note assumes the Commission will not implement the continuing ed requirements within the next five years and thus no change in revenues.

AUCTIONEER RECOVERY FUND

Section 5 of the bill increases the minimum balance in the Auctioneer Recovery Fund from \$100,000 to \$200,000. The Fund is used to compensate persons who have suffered monetary losses from the fraudulent acts of auctioneers. 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. The Board has the authority to assess all auctioneers a fee to insure the Fund has a sufficient balance and did so in FY 1998-99. With the \$141,400 in fees assessed in 1998-99, the balance in the Auctioneer Recovery Fund is now \$294,343.

FEES

Section 6 of the bill 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. The Board raised fees to their maximum amount on September 1, 1998. When the fee increase was discussed in 1997 and 1998, the Board's previous Executive Director said the fee increase would provide sufficient revenue for Board operations for the next five years. The Board has stated again in an April 7 fax to the Fiscal Research Division of the General Assembly that "it is not the Board's intention to raise fees in the near future". The chart below shows the fiscal impact of raising all fees to the maximum with the authority under HB 301.

	<u>FY 1998-99</u>	<u>Current Fee</u>	<u>Current Revenue</u>	<u>HB 301 Maximum Fee</u>	<u>HB 301 Maximum Revenue</u>
<u>Apprentice Auctioneers</u>					
Application for License	19	\$50	\$950	\$125	\$2,375
Issuance or Renewal of License	43	\$50	\$2,150	\$125	\$5,375
<u>Auctioneers</u>					
Application for License	131	\$50	\$6,550	\$125	\$16,375
Examination	125	\$25	\$3,125	\$75	\$9,375
Issuance or Renewal of License	2438	\$100	\$243,800	\$250	\$609,500
<u>Auction Firms</u>					
Application for License	27	\$50	\$1,350	\$125	\$3,375
Examination	5	\$25	\$125	\$75	\$375
Issuance or Renewal of License	347	\$100	\$34,700	\$250	\$86,750
<u>Reinstatement of License</u>	170	\$25	\$4,250	\$75	\$12,750
Total			\$297,000		\$746,250

FISCAL RESEARCH DIVISION 733-4910

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