

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 1073 (Senate Finance Committee Substitute)

SHORT TITLE: Auctioneer Amendments

SPONSOR(S): Senator Hoyle

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
General Fund -					
Department of Justice	(\$2,800)	(\$2,800)	(\$2,800)	(\$2,800)	(\$2,800)

**PRINCIPAL DEPARTMENT(S) &
PROGRAM(S) AFFECTED:**

North Carolina Auctioneer Licensing Board,
North Carolina Auctioneers Commission,
Department of Justice - Division of Criminal Information, State
Bureau of Investigation

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 will allow the Department of Justice to do criminal record checks for the North Carolina Auctioneers Commission. Section 2 of the bill requires auctioneer licensees to have a high school diploma or its equivalent. Section 4 permits the Auctioneers Commission to require licensees to complete 6 hours of continuing education courses each year for license renewal. Section 5 requires a minimum balance of \$200,000 in the Auctioneer Recovery Fund. Section 6 increases the maximum fee that the Board can charge for licenses and exams. Section 7 authorizes the Attorney General to prosecute anyone acting as an auctioneer without a license.

ASSUMPTIONS AND METHODOLOGY:

Continuing Education

Section 4 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 SB 1073 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 5 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 6 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 SB 1073.

	<u>FY 1996-97</u>	<u>Current Fee</u>	<u>Current Revenue</u>	<u>Pending Fee Increase</u>	<u>Pending Revenue</u>	<u>HB 1166 Maximum Fee</u>	<u>HB 1166 Maximum Revenue</u>
<u>Apprentice Auctioneers</u>							
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
<u>Auction Firms</u>							
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
<u>Reinstatement of License</u>	250	\$25	\$6,250	\$25	\$6,250	\$75	\$18,750
Total			\$233,250		\$311,375		\$783,500

Department of Justice

This bill allows the Department of Justice to charge a reasonable fee only for conducting the checks of the national criminal history records. Presently, the Federal Bureau of Investigation charges \$24 for each criminal record check submitted by the North Carolina State Bureau of Investigation's Division of Criminal Information. According to the North Carolina Auctioneers Commission and the Division of Criminal Information, the Auctioneers Commission will submit approximately 200 criminal records checks each year. This will cost \$4,800 per year, based on 200 record checks per year. The bill is unclear on whether this cost will be absorbed by the Auctioneers Commission or whether they will pass the cost on to the applicant.

The bill does not allow for the State to recover costs for administering and performing criminal record checks on a statewide level. Presently, the State charges \$14, in addition to the Federal charge, for each criminal record check performed. All private, public, and non-profit entities are charged this \$14 for each check performed, except for records checks performed on child care providers. In lieu of paying for these checks, the Department of Human Resources provides funding for nine positions within the Division of Criminal Information to conduct these checks on their behalf. Since this bill does not allow for the recovery of charges for checks submitted by the Auctioneers Commission, there will be an approximate loss of \$2,800 per year in revenues to the State.

In regards to workload, the Department of Justice notes the Division of Criminal Information can absorb this few number of criminal record checks (200) within existing resources.

FISCAL RESEARCH DIVISION

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