



www.lsc.ohio.gov

OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
and Drafting

Legislative Budget
Office

H.B. 373
133rd General Assembly

Fiscal Note & Local Impact Statement

[Click here for H.B. 373's Bill Analysis](#)

Version: As Introduced

Primary Sponsor: Rep. Ginter

Local Impact Statement Procedure Required: No

Shannon Pleiman, Senior Budget Analyst

Highlights

- The bill could increase the number of auctioneers and auction firms licensed by the Department of Agriculture since it requires a person who auctions real or personal property via the internet to be licensed as an auctioneer or auction firm. The biennial auctioneer license is \$200 and the annual auction firm license is \$100. These fees are deposited into the Auctioneers Fund (Fund 5B80).
- The Department may need to hire one administrative professional to regulate online auctions and potentially license more auctioneers or auction firms. If so, pay and fringe benefit costs would be between \$52,000 and \$66,000 annually and paid from Fund 5B80.
- The bill eliminates a statutorily required transfer of cash in Fund 5B80 to the Auction Recovery Fund (Fund 5U10) when the cash balance in Fund 5B80 exceeds \$300,000. The last cash transfer from Fund 5B80 to Fund 5U10 was in FY 2016 and amounted to nearly \$19,000. The current cash balance in Fund 5U10 is \$1.3 million.

Detailed Analysis

Internet auctions

The Department of Agriculture will incur administrative costs to regulate online auctions and potentially license more auctioneers or auction firms. Specifically, the bill grants the Department authority to regulate online auctions that are conducted by a human licensed auctioneer. Additionally, the bill requires a person who auctions real or personal property via the internet to be licensed as an auctioneer or auction firm. As a result, the Department may have to hire one new Administrative Professional 2 to assist in the increase in workload. Currently, there is one full-time program administrator under the Auctioneer Program. Based on the state's employee classification plan, if the administrative professional is hired at the starting annual salary of approximately \$39,000, it will bring the Department's potential payroll

costs to between \$52,000 and \$66,000. This includes \$5,460 (14% of annual salary to cover the employer's share of retirement) and the employer's share of health insurance (\$7,830 for single coverage or \$21,494 for family coverage under the state's traditional health plan).

The cost of the additional Administrative Professional 2 may be partially offset by gains in auctioneer and auction firm licensing revenue. However, the number of new licenses that might be issued is unclear. Both the Department and the Ohio Auctioneers Association were unable to provide an estimate. While there might be some new licenses issued, it is also possible that a person who auctions real or personal property via the internet is already licensed as an auctioneer or auction firm under current law. The biennial auctioneer license is \$200. The annual auction firm license is \$100. These fees are deposited into the Auctioneers Fund (Fund 5B80).

Cash transfer from the Auctioneers Fund to the Auction Recovery Fund

The bill eliminates a requirement under current law that a cash transfer from Fund 5B80 to the Auction Recovery Fund (Fund 5U10) be made at the end of the fiscal year if the cash balance of Fund 5B80 is greater than \$300,000. The transfer amount is 25% of the excess cash balance of \$300,000 in Fund 5B80. The last cash transfer between these funds occurred in FY 2016, when approximately \$19,000 was transferred from Fund 5B80 to Fund 5U10. In addition to the transfer listed above, Fund 5U10 consists of the following revenue sources under current law: (1) a portion of license fees (\$2.50 per license if Fund 5U10 cash balance is \$400,000 or less), (2) repayments by licensed auctioneers for judgements against them, and (3) earned interest. These revenue sources remain unchanged in the bill. As of November 2019, the current cash balance in Fund 5U10 is \$1.3 million. From FY 2015-FY 2019, the cash balance in Fund 5U10 has minimally increased each fiscal year from \$1.2 million to \$1.3 million.

Elimination of apprentice and special auctioneer licenses

The bill eliminates the apprentice auctioneer license and the special auctioneer license. The elimination of both of these licenses will most likely not have an effect on the number of licensed auctioneers or auction firms and therefore not have an effect on the Department's revenues. Under current law, in order for a person to become a licensed auctioneer, the person must first serve as a licensed apprentice auctioneer for at least 12 months and meet certain qualifications. The apprentice auctioneer license is \$100 and is renewed annually. As mentioned above, the auctioneer license is \$200 and is renewed biennially. In FY 2019, there were over 2,400 licensed auctioneers and 116 licensed apprentice auctioneers.

As a result of the bill eliminating the special auctioneer license, it requires a special auctioneer licensee instead to apply for an auction firm license. The special auctioneer license is \$200 and is renewed biennially, whereas the auction firm license is \$100 and is renewed annually. In FY 2019, there were three licensed special auctioneers. All of these license fees are deposited into Fund 5B80.