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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
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Office

H.B. 321
134th General Assembly

Final Fiscal Note & Local Impact Statement

[Click here for H.B. 321's Bill Analysis](#)

Primary Sponsors: Reps. Kick and B. Young

Local Impact Statement Procedure Required: No

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Highlights

- The bill may increase the number of licensed auctioneers and auction firms regulated by the Department of Agriculture by requiring individuals that auction real or personal property over the internet to be licensed. The biennial license fee for an auctioneer is \$200 and the annual auction firm license is \$100 (changed under the bill to a biennial license with a \$200 license fee). Auctioneer licensing fees are deposited into the Auctioneers Fund (Fund 5B80).
- The regulation of online auctions may necessitate the hiring of an additional administrative professional by the Department of Agriculture. If hired, the pay and fringe benefit costs for this employee would range between \$54,000 and \$58,000 annually. The costs would be paid from Fund 5B80.
- The bill eliminates a current law requirement for a cash transfer from Fund 5B80 to the Auction Recovery Fund (Fund 5U10) when the cash balance of Fund 5B80 exceeds \$300,000. The last cash transfer done under this provision was in FY 2016, and was just less than \$19,000. The May 2022 cash balance of Fund 5B80 is about \$599,000; the cash balance of Fund 5U10 is about \$1.0 million.

Detailed Analysis

The bill proposes a variety of changes to the way the auctioneering profession is overseen in Ohio, as well as the way specific types of auctions are regulated by the Department of Agriculture. The fiscal effect of these provisions are outlined under the headings below.

Additionally, the bill makes changes to the law governing self-service storage facilities. It makes changes to the delivery of lien enforcement notices from the owner of the self-service storage facility to the occupant. The bill also makes changes to the law in regards to towing motor vehicles, trailers, and watercrafts from self-service storage spaces. These provisions do not appear to have a fiscal effect on the state or local political subdivisions.

Regulation of 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 \$41,000, it will bring the Department's potential payroll costs to between \$54,000 and \$68,000. This includes \$5,740 (14% of annual salary to cover the employer's share of retirement) and the employer's share of health insurance (\$7,870 for single coverage or \$21,601 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. Currently, the annual auction firm license is \$100, but the bill proposes to change it to a biennial license with a license fee of \$200. The bill requires the Department to adopt procedures to transition the auction firm license from an annual license to a biennial license. These fees are deposited into the Auctioneers Fund (Fund 5B80).

Cash transfer from the Auctioneers Fund (Fund 5B80) to the Auction Recovery Fund (Fund 5U10)

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 May 2022, the cash balance in Fund 5U10 is over \$1.0 million. From FY 2017-FY 2021, the cash balance in Fund 5U10 has minimally increased each fiscal year from \$1.2 million to \$1.3 million. The current cash balance of Fund 5B80 is about \$599,000.

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 2021, there were over 2,500 licensed auctioneers and 142 licensed apprentice auctioneers.

In eliminating the special auctioneer license, the bill instead requires a special auctioneer licensee 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 (proposed to change to a biennial license as described above). In FY 2021, there were two licensed special auctioneers. All of these license fees are deposited into Fund 5B80.