

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 747 - SB 814**

March 30, 2017

**SUMMARY OF BILL:** Establishes that the current auctioneer license exemption applicable to timed listings of bids provided on a website does not include timed listings in which a bidder is allowed to increase a bid beyond the original bid deadline.

Establishes that in order for a licensed auctioneer to sponsor an apprentice auctioneer, such licensee must have held such license for at least two years and be in good standing with the Tennessee Auctioneer Commission (TAC). Prohibits a licensed auctioneer from sponsoring more than ten auctioneer apprentices at any one time. Prohibits a licensed auctioneer from sponsoring an auctioneer apprentice who resides more than 50 miles from the sponsoring auctioneer's principle place of business, unless given express permission by the TAC. This legislation shall take effect on July 1, 2017.

**ESTIMATED FISCAL IMPACT:**

**Increase State Revenue - \$500/FY17-18/Tennessee Auctioneer Commission  
\$200/FY19-20 and Subsequent Years/Tennessee  
Auctioneer Commission**

**Other Fiscal Impact - The Tennessee Auctioneer Commission experienced a surplus of \$84,511 in FY14-15, a surplus of \$60,841 in FY15-16, and a cumulative reserve balance of \$340,262 on June 30, 2016.**

Assumptions:

- Pursuant to Tenn. Code Ann. § 62-19-103, no auctioneer's license is required to provide a bidding at a fixed price or timed listing which allows bidding on a website that does not constitute a simulcast of a live auction.
- There are entities that currently operate bidding websites, which, although having a timed listing, allows bids beyond the timed bid deadline.
- Websites which allow bids beyond the original bid deadline are essentially practicing auctioneering.
- This legislation will require such websites to become licensed with the Tennessee Auctioneer Commission (TAC).
- The number of additional licenses that will be issued by the TAC is unknown, but is reasonably estimated to be at least 1 additional license per grand division, or at least 3 additional licenses issued statewide.

- It is assumed that these websites are operated by companies which are not owned by, or whom employs, a licensed auctioneer; therefore, it is assumed that such companies will fall under Tenn. Code Ann. § 62-19-111(h), and will be required to register and become licensed as a non-auctioneer owned firm.
- Pursuant to Tenn. Code Ann. § 62-19-111(h)(9) and TAC rule 0160-01-.16(2), a non-auctioneer owned firm license requires one individual employed by the company to be a licensed auctioneer, or at least be affiliated with a licensed auctioneer, as the failure to do such is a violation punishable by suspension of the firm license. This employed or affiliated licensed auctioneer serves as the principal designee with regards to the firm's license.
- A biennial non-auctioneer firm license costs \$125 and must be accompanied by a non-refundable application fee of \$50.
- The increase in state revenue to the TAC in FY17-18 is estimated to be \$525 [3 firms x (\$125 + \$50)].
- Annualized, the recurring increase in state revenue to the TAC in FY19-20 and is estimated to be \$188 [(3 firms x \$125) / 2 year license].
- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-supporting over any two-year period. The TAC experienced a surplus of \$84,511 in FY14-15, a surplus of \$60,841 in FY15-16, and a cumulative reserve balance of \$340,262 on June 30, 2016.

## **IMPACT TO COMMERCE:**

**Increase Business Expenditures - \$500/FY17-18  
\$200/FY19-20 and Subsequent Years**

Assumption:

- Companies which own websites that provide timed listings for bids, but allow for bids beyond the timed deadline will incur additional business expenditures equal to the cost of acquiring and maintaining a non-auctioneer firm license.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

/jdb