

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2036 - SB 2081

February 15, 2018

SUMMARY OF BILL: Replaces “affiliate” for “apprentice” in Tennessee Code Annotated, Title 62, Chapter 19, regarding the regulation of the auctioneering profession. Reduces, from two years to one year, the period of time required for an individual to serve as an affiliate auctioneer prior to being authorized to apply for an auctioneer’s license. Authorizes any licensed auctioneer to sponsor an affiliate auctioneer and establishes that there is no limit to the number of affiliate auctioneers that a licensed auctioneer may sponsor.

Defines “timed listings” as offering goods for sale with a fixed ending time and date that does not extend based on bidding activity. Exempts any exchange of goods conducted through bidding on an internet-based trading platform by a publicly-traded company that primarily sells motor vehicles from all provisions of Chapter Tenn. Code Ann. Title 62, Chapter 19.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue - \$400/Tennessee Auctioneer Commission

Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-supporting over any two- year period. The commission experienced a surplus of \$60,841 in FY15-16, a surplus of \$74,211 in FY16-17, and a cumulative reserve balance of \$414,473 on June 30, 2017.

Assumptions:

- Reducing the period of time required for a person to be an affiliate, prior to being able to apply for a license, will result in some individuals becoming licensed a year earlier than what would occurred in the absence of this legislation.
- The number of current apprentices that this legislation will affect is unknown; however, any impact to the Tennessee Auctioneer Commission (TAC) is estimated to be not significant.
- Pursuant to Tenn. Code Ann. § 62-19-102, it is unlawful for a person to act as or advertise or represent to be a public automobile auctioneer unless the person is duly licensed as a public automobile auctioneer and as a motor vehicle dealer under Tenn. Code Ann. Title 55, Chapter 17, Part 1.
- This legislation will exempt certain exchanges of goods, which are bid on an internet-based trading platform by a publicly-traded company that primarily sells motor vehicles.

- Exempting certain online auction companies from statute listed in Title 62, Chapter 19 is estimated to result in a decrease in the number of active automobile licensees held under the authority of TAC.
- According to the Department of Commerce and Insurance (DCI), there are 39 active automobile auctioneers.
- It is estimated that this legislation will result in a 10 percent decrease in active automobile auctioneers, or 4 licenses (39 licenses x 10%).
- Pursuant to TAC rule 0160-01-.14(2), an automobile auctioneer license costs \$175 every two years.
- An annualized decrease in license revenue to the TAC of \$350 [(4 licenses x \$175) / 2 years].
- The Department of Commerce and Insurance reports that this legislation is anticipated to have no significant impact on the TAC.
- 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 \$60,841 in FY15-16, a surplus of \$74,211 in FY16-17, and a cumulative reserve balance of \$414,473 on June 30, 2017.

IMPACT TO COMMERCE:

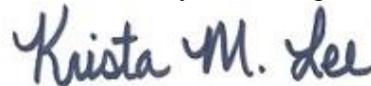
Decrease Business Expenditures - \$400

Assumption:

- This legislation will result in a decrease of expenditures of \$350 for publicly-traded companies which primarily sell motor vehicles on an internet-based trading platform.

CERTIFICATION:

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



Krista M. Lee, Executive Director

/jdb