

REPEAL REGISTRATION OF AUCTIONEERS

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House Bill 4683 as enacted
Public Act 194 of 2014
Sponsor: Rep. David Nathan

House Bill 4684 as enacted
Public Act 195 of 2014
Sponsor: Rep. Cindy Denby

Senate Bills 476 & 477 as enacted
Public Acts 151 & 152 of 2014
Sponsor: Sen. Dave Hildenbrand

House Committee: Regulatory Reform
Senate Committee: Regulatory Reform

Complete to 7-1-14

A SUMMARY OF HOUSE BILLS 4683-4684 & SENATE BILLS 476-477 AS ENACTED

These bills repealed licensing requirements for auctioneers and removed references to licensed auctioneers from state law. Senate Bills 476 and 477 repealed registration requirements for auctioneers and eliminated associated fees, while House Bills 4683 and 4684 amended the Liquor Control Code and Natural Resources and Environmental Protection Act (NREPA), respectively, by removing references to licensed auctioneers.

The de-regulation of auctioneers was recommendation B1 in the Office of Regulatory Reinvention's February 17, 2012, report on occupational licensing.

House Bill 4683, now PA 194, amended Section 1031 of the Liquor Control Code (MCL 436.2031) to eliminate a provision exempting wine auction licensees from having to comply with the registration requirements of registered auctioneers under Article 29 of the Occupational Code.

House Bill 4684, now PA 195, amended Part 821 (Snowmobiles) of the Natural Resources and Environmental Protection Act (MCL 324.82101) to remove references to registered auctioneers and, instead, define "auctioneer" to mean a person engaged in the business of conducting auctions or that offers to conduct an auction for compensation.

Senate Bill 476, now PA 151, repealed Article 29 of the Occupational Code (MCL 339.2919), which established a Board of Auctioneers and required individuals to register with the Department of Licensing and Regulatory Affairs before using the title "registered auctioneer." It also removed a related reference to auctioneers from the code.

Senate Bill 477, now PA 152, repealed Section 28 of the State License Fee Act (MCL 338.2228), which set the processing, examination, and annual registration fees for individuals registered or seeking registration as an auctioneer under Article 29 of the Occupational Code.

BACKGROUND INFORMATION AND DISCUSSION:

The Office of Regulatory Reinvention's report on occupational licensing recommended the deregulation of auctioneers in Michigan. Under Article 29 of the Occupational Code, individuals and companies previously had to register with the Department of Licensing and Regulatory Affairs in order to the use title of "registered auctioneer." The bills eliminated the voluntary registration of auctioneers in the state. According to testimony, when registration was enacted in 2006, it was estimated that at least 800 auctioneers would register with the department. Registration numbers never met expectations: only 87 auctioneers were registered in 2010 and 55 in 2013. Some observers believed the voluntary registration provided little protection to consumers and was unnecessary.

According to the ORR recommendation, "consumers do not appear to be seeking retribution from unscrupulous auctioneers as there have been zero consumer complaints in the past three years." As a result of low participation and no clear need for consumer protection, the report said, "continued regulation of auctioneers appears to provide no public health and safety benefit and is an inefficient use of public resources."

Members of the auctioneering industry testified in opposition to the bills. According to testimony, the 2006 law establishing a voluntary registration was intended to serve as a precursor to full licensure of the profession. This would have allowed licensed auctioneers in Michigan to have reciprocity with other states, thus preventing them from having to meet additional licensing requirements in those states. Testimony indicated that members of the industry preferred to see the registration law modified and eventually turned into full licensure instead of having the profession completely deregulated. House Bill 4503 was identified as one possible avenue to make industry-acceptable changes to the current registration law.

FISCAL IMPACT:

House Bills 4683 and 4684 and Senate Bills 476 and 477 would have a nominal positive fiscal impact on the Corporations, Securities, and Commercial Licensing Bureau (CSCLB) within the Department of Licensing and Regulatory Affairs (LARA) to the extent that fee revenue generated by registered auctioneers are insufficient to cover direct expenditures for the auctioneer registration program.

As of FY 2013, there were fifty-five (55) individuals and firms registered by the CSCLB as auctioneers. Statutory fees collected from registered auctioneers generated a total of \$11,490 in revenue (fees include \$50 for application and examination and \$400 for registration) over the most recent biennial renewal cycle. Over the most recent renewal cycle, the CSCLB spent \$18,461 in *total* expenditures to administer the registration program pursuant to 2007 PA 77.

Auctioneer Registration							
Fiscal Year	Revenue	Expenditures				TOTAL	Net Rev-TotExp
		Licensing	Enforcement	Adjudication	Info Tech		
2012	\$7,440	\$1,097	\$2,639	\$8,738	\$296	\$12,770	(\$5,330)
2013	\$4,050	\$1,095	\$4,305	\$0	\$291	\$5,691	(\$1,641)
Total	\$11,490	\$2,192	\$6,944	\$8,738	\$587	\$18,461	(\$6,971)
Average	\$5,745	\$1,096	\$3,472	\$4,369	\$294	\$9,231	(\$3,486)
Avg per Lic	\$104	\$20	\$63	\$79	\$5	\$168	(\$63)

As evidenced by the table above, total expenditures exceed the fee revenue collected from registered auctioneers (by \$6,971 over the most recent renewal cycle). By eliminating the auctioneer registration program, SBs 476 and 477 would be expected to eliminate future expenditures for the program, engendering an annual savings equivalent to the difference between expenditures and fee revenue. However, some portion of the information technology costs are relatively fixed and, with the elimination of the auctioneer registration requirements of 2007 PA 77 by SBs 476 and 477, would likely be reallocated amongst other occupational regulatory programs under the CSCLB.

It should be noted, however, that if the Legislature eliminates multiple occupation regulatory programs under the CSCLB which do not generate adequate fee revenues (generally those programs with few licensees), overhead costs would be expected to decrease by an indeterminate amount once a sufficient number are eliminated thereby reducing total expenditures.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.