

Legislative Analysis



REGISTRATION OF AUCTIONEERS

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Senate Bill 603 (Substitute H-1)

Senate Bill 604 as passed by the Senate

Sponsor: Sen. Ron Jelinek

House Committee: Commerce

Senate Committee: Economic Development, Small Business and Regulatory Reform

Complete to 11-28-06

A SUMMARY OF SENATE BILLS 603 & 604 AS REPORTED FROM HOUSE COMMITTEE

Senate Bill 603 would add Article 29 to the Occupational Code to do the following:

- Create a system of registration for auctioneers and prescribe related responsibilities for the Department of Labor and Economic Growth (DLEG).
- Prohibit a person from using the title "registered auctioneer" unless registered.
- Create a Board of Auctioneers and require the board and DLEG to develop an examination for applicants.
- Require written contracts between registered auctioneers and clients.
- Require a registered auctioneer to deposit all funds related to the conduct of an auction in a trust account separate from the registrant's own funds.
- Specify that registrants who commit certain acts be subject to penalties and sanctions under the Occupational Code.
- Require registered auctioneers to maintain written records about auction sales and employees for at least three years.
- Require DLEG to register an individual who submitted an affidavit attesting to at least three years' experience in the conduct of auctions before the bill's effective date, if the applicant had conducted at least 12 auctions (as verified by DLEG) and applied within two years after the bill's effective date.
- Otherwise, to qualify for registration, a person would have to (1) pass an examination; and (2) have either two years' of apprentice experience with a registered auctioneer or have proof of graduation from an accredited auctioneer school and one year of apprentice experience with a registered auctioneer.

- Grant reciprocity to a person regulated under similar regulations in another state if that state granted reciprocity to Michigan registrants.

Senate Bill 604 would amend the State License Fee Act to establish application, examination, and registration fees for registered auctioneers. The fees would include a \$50 application processing fee; a \$50 examination fee; a \$200 annual registration fee for individuals; and a \$200 annual registration fee for firms. The two bills are tie-barred to each other, meaning neither could take effect unless both were enacted.

FISCAL IMPACT:

Senate Bill 603 will increase expenditures for the Department of Labor and Economic Growth, which would be required to create a registration program for auctioneers, including administering examinations and enforcement of the bill's provisions. Departmental estimates place the initial number of applicants for the registered auctioneer designation at 800, at a cost of \$169,000 for the first year. The fees for auctioneer registration are defined in a tie-barred bill, Senate Bill 604.

Senate Bill 604 will increase State restricted revenue by approximately \$205,000 for 800 applicants, according to Department of Labor and Economic Growth (DLEG) estimates. The increased revenue results from auctioneer application, examination, and registration fees specified in this bill. The costs of this new registration program result from a tie-barred bill, Senate Bill 603, which defines additional duties for DLEG.

POSITIONS:

The Michigan State Auctioneers Association testified in support of the bills. (11-28-06)

The Department of Labor and Economic Growth is opposed to the bills. (11-28-06)

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