

Fiscal Note & Local Impact Statement

127th General Assembly of Ohio

Ohio Legislative Service Commission
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BILL: **H.B. 48** DATE: **September 10, 2007**

STATUS: **As Introduced** SPONSOR: **Rep. Gibbs**

LOCAL IMPACT STATEMENT REQUIRED: **No — No local cost**

CONTENTS: **Exempts certain tax exempt organizations and schools that sell at auction items donated to them from license and contract requirements for such an action, requires those organizations and schools to maintain records of the auction for two years and precludes claims against the Auction Recovery Fund for any loss associated with those types of auctions**

State Fiscal Highlights

STATE FUND	FY 2008	FY 2009	FUTURE YEARS
Auctioneers Fund (Fund 5B8) – Department of Agriculture			
Revenues	Loss of approximately \$400 from exemption	Loss of approximately \$400 from exemption	Loss of approximately \$400 from exemption
Expenditures	- 0 -	- 0 -	- 0 -

Note: The state fiscal year is July 1 through June 30. For example, FY 2008 is July 1, 2007 – June 30, 2008.

- There would be a negligible loss in revenue of approximately \$400 to the Auctioneers Fund (Fund 5B8) from the auction firm license exemption for certain tax exempt organizations and schools.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2007	FY 2008	FUTURE YEARS
Schools			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Potential negligible increase	Potential negligible increase	Potential negligible increase

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- The bill requires public schools, chartered nonpublic schools or community schools to keep records of charity auctions for at least two years from the date of the auction. As a result, there may some negligible record-keeping costs for any schools that choose to conduct such charity auctions, if such records are not already kept.



Detailed Fiscal Analysis

Background

Currently, there are no exemptions in the Auctioneers Law (Chapter 4707. of the Revised Code) for charity or benefit auctions. Like all other auctions, tax-exempt organizations and schools sponsoring an auction must (1) obtain an auction firm license if they are responsible for collecting consignments, advertising, handling the funds, managing the auction or otherwise providing auction services and (2) have a licensed auctioneer conduct the auction. If a licensed auctioneer provides the auction services, there is no need to obtain an auction firm license. Auction firm licenses carry an annual fee of \$100.

This bill (1) exempts certain tax-exempt organizations (charitable, religious, or civic) and public, chartered nonpublic and community schools that sell at auction items donated to them from license and contract requirements for such an auction, (2) requires those organizations and schools to maintain records of the auction for two years, and (3) precludes claims against the Auction Recovery Fund for any loss associated with those types of auctions.

State fiscal effects

Specifically, the bill would exempt the organizations and schools from having to obtain an auction firm license, although a licensed auctioneer would still be required to conduct the auction. The Department of Agriculture reported that there are four nonprofit organizations that have obtained an auction firm license (out of 57 active licenses reported in FY 2007). There were no schools obtaining an auction firm license, as most schools simply have a licensed auctioneer perform auction services. As a result of the exemption, there would be a negligible loss in revenue of approximately \$400 to the Auctioneers Fund (Fund 5B8).

Local fiscal effects

The bill requires public schools, chartered nonpublic schools, or community schools to keep records (including settlement sheets, written contracts, and copies of any advertising listing auction items) of an auction for at least two years from the date of the auction. As a result, there may be some negligible record-keeping costs for schools sponsoring such charity auctions, if such records are not already kept.

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