



KENTUCKY AUCTIONEER NEWSLETTER

<http://auctioneers.ky.gov>

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2008 Renewal Form is Enclosed

Your license renewal form is enclosed. Please complete and return the renewal form and renewal fee to the Kentucky Board of Auctioneers' office on or before June 30, 2008.

- If your CE is not complete, submit a copy of proof of completed CE with your renewal form and renewal fee. If you attend the KBA/NAA seminars in May, you do not have to send in the proof of CE; KBA will receive the attendance list from NAA.
- If your CE will not be completed by June 30th, you may renew if you include payment of a \$300 CE penalty with your completed renewal form and renewal fee. Your CE requirement will double for the 2009 renewal.
- Beginning with this 2008 renewal, only pocket licenses will be mailed to licensees. The Auction House Operator will be mailed a license to display in the auction house. If a principal or apprentice wants a 8½" x 7" license, it is considered a duplicate license and an additional \$15 fee will be required with the renewal.
- Reciprocal licensees: A Letter of Good Standing / License Certification from your home jurisdiction is NOT required this year with renewal. Submit a copy of your current home jurisdiction license with the renewal form and fee.
- To escrow your license: Submit the 2008 completed renewal form with the business address marked out, write "I want to put my license in escrow" on the form and remit the \$100 renewal fee. If mailing/home address is changed, include \$10. The renewal form and fee must be received in the Board office on or before June 30th to escrow your license. As an inactive licensee, you may not perform any auctioneering tasks. NOTE: Escrow renewal fee is \$100 every year (\$150 if late). To reactivate an escrowed license, proof of completed CE hours and a reactivation fee of \$130 are required.

Advertising

Basic advertising rule:

- The name of the auctioneer and that he/she is the auctioneer must be in any ad about a specific auction.
- If an apprentice's name is advertised, 'apprentice' must also be stated; and the name of his/her principal auctioneer must be in the ad.
- Auction house ad – auction house operator's name must be in ad as well as 'auction house operator'.
- KRS 330.220 in re: absolute and with reserve auction

Since advertising violations are increasing, a new process will begin in July.

1. An advertisement (any media) will be monitored by staff and reviewed as received from any other source.
2. A form letter will be mailed to the licensee, asking for an explanation.
3. The case will be presented to the Board for review.
4. Fines, written admonishments, etc. may be levied / issued against a licensee.

Exam and Initial Licensure

Beginning with the August 2008 exam, it is expected that all successful applicants of a KBA-administered examination apply for licensure within 30 days of notification of passing the exam. If licensure is not applied for within 30 days, the exam scores will be voided and the applicant shall apply and take the exam again.

Budget Bill (HB 406)

On January 29, the House Bill 406 was introduced into the House with the Governor's proposed budget. Many boards and commissions were mentioned. At this point, \$35,000 was proposed to be transferred from the KY Board of Auctioneers' Operating Account to the State's General Fund.

On March 12, after the House members amended the bill, the Bill was passed by the House. The amended bill included an additional \$312,200 to be transferred to the General Fund from the KY Board of Auctioneers' Recovery Fund Account.

On March 13, the Bill was received in the Senate. Failed. As explained by LRC: "The Senate ordinarily determines its budget plan action as substitutes or amendments to the House-passed bills. Since 1980, the Executive Branch budget bill has always been resolved in free conference committee."

On April 2, Free Conference Committee report filed in House and Senate; Free Conference Committee report adopted in Senate; Bill passed 35-3; received in House; Free Conference Committee report adopted in House; Bill passed 74-21; enrolled, signed by each presiding officer; delivered to Governor. This final version will transfer \$35,000 from the operating account this fiscal year and \$312,200 from the Recovery fund next fiscal year, for a total of \$347,200. The auctioneers of this Commonwealth have paid \$831,300 into the General Fund over an eight-year period.

Except for most licensing/regulating boards and commissions, state government entities operate on monies in the General Fund. Most boards and commissions are self-sustaining agencies. These are considered Restricted Fund agencies and most do not use General Fund monies. The Kentucky Board of Auctioneers receives no monies from the state's General Fund, nor is any part of any license fees deposited in the General Fund.

The Legislature and Governor decide how much each agency may spend (an appropriation). It is not based on the cash balance of an agency, but based upon an agency-submitted biennial budget (which always is reduced before the final legislative vote). The Board's cash balance includes the mandated \$500,000. The submitted biennial budget only has padded into it \$30,000 to \$50,000 for annual recovery and guaranty purposes, not the entire \$500,000. Thus the legislature sees dollars and not the reasons for agency balances.

Auctioneer license fees were last increased in June 2003 after another legislative transfer of monies to the General Fund. This Board has been on a very strict diet for several years, so as to get the Recovery Fund back to the mandated \$500,000 level. As predicted, it took five years to build the Recovery Fund.

The Kentucky Board of Auctioneers is a fiscally responsible agency with revenues only generated by application and renewal fees from our licensees and interest earned on the Recovery Fund balance. Printing and postage costs are reduced by making applications available on the website, by printing & mailing directories every other year (publishing on website every year), by producing and mailing one newsletter from the office each year, and by issuing pocket licenses (not licenses and pocket cards). Utility costs have decreased by using lights in only the work areas and adjusting the office thermostats. Personnel costs have been reduced. Replacement of two 6-year old office computers and software are budgeted.

Previously, the basic bookkeeping principle was to have monies at the end of a fiscal year to cover the next fiscal year's expenses. This has changed in state government. Now, we're advised that since most of our annual income (renewal fees) is received and recorded at the beginning of the fiscal year, that monies will cover the expenses for the rest of the fiscal year.

	Actual FY 02/03	Actual FY 03/04	Actual FY 04/05	Actual FY 05/06	Actual FY 06/07	Budget FY 07/08	Budget FY 08/09	Budget FY 09/10
Income	359,781	406,166	398,633	396,210	401,686	402,900	406,900	388,900
Expense	(322,271)	(300,995)	(339,436)	(339,002)	(355,960)	(412,700)	(442,800)	(428,800)
FY Net Balance	37,510	105,171	59,197	57,208	45,726	(9,800)	(35,900)	(39,900)
Transfer to General Fund	(476,400)	(7,700)	0	0	0	(35,000)	(312,200)	0
Balance fwd from previous FY	840,755	401,866	499,337	558,534	615,742	661,500	616,700	268,600
Total KBA - FY Ending Balance	401,866	499,337	558,534	615,742	661,468	616,700	268,600	228,700