



Economic Impact Analysis Virginia Department of Planning and Budget

18 VAC 25-21: Rules and Regulations of the Virginia Auctioneers Board Department of Professional and Occupational Regulation April 12, 2005

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.G of the Administrative Process Act and Executive Order Number 21 (02). Section 2.2-4007.G requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. The analysis presented below represents DPB's best estimate of these economic impacts.

Summary of the Proposed Regulation

As required by Chapter 956 of the 2004 Virginia Acts of Assembly, the Auctioneers Board (board) proposes to add a continuing education requirement to these regulations.

Estimated Economic Impact

Pursuant to Chapter 956 of the 2004 Virginia Acts of Assembly, the board proposes to require that auctioneers complete at least six credit hours of board-approved continuing education courses during each two-year licensing period in order to renew their license. Further, the board proposes to set criteria for course approval by continuing education providers.

The Department of Professional and Occupational Regulation (department) reports that there are approximately 1,380 individuals licensed as auctioneers in Virginia. It is not known how many of these licensees already complete at least six continuing education credit hours per two-year license period. The Virginia Auctioneers Association (VAA) has approximately 450

members.¹ VAA believes that most of its members complete at least six continuing education credit hours per two-year license period. The VAA membership fee is \$75 per annum. Currently, membership is not required for VAA continuing education classes. VAA has three meetings per year. The annual meeting is held in January of each year (rotated around the state) and costs \$150 for registration and lasts for approximately 2 and 1/2 days. The spring meeting takes place in April, and largely consists of half a day of classes. This meeting costs \$25. The mid-year meeting is held in August of each year and costs \$65 for registration and lasts approximately 1/2 to 3/4 of a day. Auctioneers will also incur applicable hotel and travel costs associated with attending these meetings. Currently, membership is not required for VAA continuing education classes, and non-members are charged the same registration fees as members. The organization is considering charging higher fees to non-members in the future.

The board will accept online courses, which meet content requirements, toward fulfilling the continuing education requirement.² The National Auctioneers Association (NAA) offers continuing education courses online. A non-member can currently receive six hours of continuing education online from the NAA for \$250. A NAA member can receive six hours of continuing education online for \$190. The annual NAA membership fee is \$150 for those that join through NAA Online Education.³ Thus, for the person only interested in taking the online courses, it is less costly to take the courses as a non-member and not pay the annual membership fee. Unlike in-person continuing education, online courses do not involve hotel and travel costs.

The least cost method of satisfying the proposed education requirement depends on whether or not the auctioneer lives near where VAA or other onsite providers offer courses. An auctioneer who lives near where onsite board-approved classes are offered would not need to pay for a hotel and would have minimal travel costs. Such an individual could potentially satisfy the requirement by paying about \$50 in fees,⁴ plus the minimal travel costs. For an individual that does not live near where onsite auctioneer continuing education classes are provided, it may be less costly to take the courses online. As described above, the requirement can be satisfied by taking

¹ Source: Virginia Auctioneers Association

² Source: Department of Professional and Occupational Regulation

³ The standard membership rate is \$200.

⁴ The \$50 estimate is based on an individual attending two VAA spring meetings. Since VAA does hold their meetings at different locations in different years, it may be unlikely that an auctioneer will live near the spring meeting location in two consecutive years. But course providers other than VAA may very well offer board approved-continuing education courses at other Virginia locations.

online courses costing \$250 in fees. Since there are no hotel and travel costs⁵ associated with online courses, the \$250 in fees for online courses will likely be less than the cost of taking in-person continuing education for many auctioneers.

The board estimates that as many as 430 auctioneers will choose to give up their license as a result of the continuing education requirement. Historically, the department has found that 30 percent to 35 percent of licensees choose not to renew when continuing education requirements are first required for professional licensure. Given that there are currently about 1,380 individuals licensed as auctioneers in Virginia, the board estimate of 430 represents 31 percent of auctioneers choosing not to renew their license. Since the proposal for continuing education is only six hours over two years, less than for most other professions with continuing education requirements, the estimate that 430 auctioneers will choose to forego licensure may be high. On the other hand, the department believes there are many part-time auctioneers for whom the time and monetary cost of acquiring continuing education will be enough to discourage them from maintaining their licensure.

According to the department, there have been very few (if any) problems with auctioneers due to lack of knowledge. The small number of problems with auctioneers have been due to dishonesty rather than insufficient knowledge. Thus, there does not appear to be a great need for required continuing education in order to protect the public. Though individual auctioneers may find continuing education courses worthwhile, the benefit of requiring continuing education for auctioneers appears to be small.

Businesses and Entities Affected

The proposed changes will affect auctioneers and organizations that offer continuing education courses for auctioneers. According to the department, there are approximately 1,380 individuals licensed as auctioneers in Virginia.

Localities Particularly Affected

The proposed regulations affect all Virginia localities.

⁵ Travel costs include the value of time spent traveling, in addition to airfare, gas, etc.

Projected Impact on Employment

The proposed changes will increase demand for auctioneer continuing education courses. Consequently, there may be a small increase in employment for organizations that offer auctioneer continuing education courses.

The costs, in time and dollars, of acquiring continuing education may be enough to discourage some part-time auctioneers from renewing their license. These costs are not likely large enough to discourage full-time auctioneers from renewing their license and continuing with their career.

Effects on the Use and Value of Private Property

The increased costs associated with the proposed required continuing education will correspondingly lower the net worth of those auctioneers who would not have met the requirement otherwise. Some part-time auctioneers will likely choose not to renew their license.

The proposed amendments will increase demand for auctioneer continuing education courses. This will result in an increase in value of organizations that offer these courses.