

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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SENATE BILL 1571

Short Title: Regulate Ticket Broker's Fee.

(Public)

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Sponsors: Senators Hoyle, Shaw of Guilford; Albertson, Ballance, Blust, Carpenter, Carrington, Cooper, Dalton, Foxx, Garwood, Hartsell, Horton, Jenkins, Ledbetter, Lee, Martin of Pitt, Odom, Perdue, Plyler, Purcell, Rand, Reeves, Rucho, Soles, Warren, Weinstein, and Wellons.

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Referred to: Finance.

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June 1, 1998

1 A BILL TO BE ENTITLED  
2 AN ACT TO REQUIRE THE REGISTRATION AND BONDING OR THE  
3 ESTABLISHMENT OF A TRUST ACCOUNT BY TICKET BROKERS, TO  
4 REQUIRE SALES BY A TICKET BROKER TO TAKE PLACE OFF THE  
5 PROPERTY WHERE THE EVENT IS TO BE HELD AND TO LIMIT SALES BY  
6 A TICKET BROKER TO NO MORE THAN ONE PERCENT OF THE TOTAL  
7 TICKETS.

8 The General Assembly of North Carolina enacts:

9 Section 1. Chapter 66 of the General Statutes is amended by adding a new  
10 Article to read:

11 **"ARTICLE 32.**  
12 **"TICKET BROKERS.**

13 **"§ 66-250. Definitions.**

14 As used in this Article, unless the context clearly provides otherwise, the following  
15 terms shall have the following meanings:

- 1           (1) 'Promoter' means a person who assumes the financial responsibilities of  
2 an athletic contest or entertainment event, including contracting with the  
3 principals, renting the site, and collecting the gate receipts.  
4           (2) 'Ticket' means a certificate or token showing that a fare or admission fee  
5 has been paid.  
6           (3) 'Ticket Broker' means a person who is involved in the business of  
7 reselling tickets of admission to live athletic contests, concerts, theatre  
8 performances, or other entertainments, amusements, or exhibitions to  
9 which the general public is admitted, and charges a premium in excess  
10 of the price printed on the ticket.

11 **"§ 66-251. General requirements.**

12 A Ticket Broker shall:

- 13           (1) Maintain a permanent office or place of business, excluding a post  
14 office box, for the purpose of engaging in the business of a Ticket  
15 Broker;  
16           (2) Obtain any business license required by the State or appropriate local  
17 government;  
18           (3) Post at its established place of business the purchaser's right to cancel  
19 the purchase of a ticket from the Ticket Broker and receive a full refund  
20 if the purchaser returns the ticket and requests a cancellation of the sale  
21 thereof within 36 hours from the time of purchase of the ticket and if  
22 such return is made more than 72 hours preceding the athletic contest or  
23 entertainment event;  
24           (4) Refund any payment received for the purchase of a ticket under this  
25 Article if the athletic contest or entertainment event is cancelled and not  
26 rescheduled;  
27           (5) Disclose to the purchaser in writing the difference between the price  
28 printed on the ticket and the amount which the Ticket Broker is  
29 charging for such ticket; and  
30           (6) Meet the requirements of registration, bonding or the establishment of a  
31 trust account pursuant to this Article.

32 **"§ 66-252. Bond or trust account required.**

33 A Ticket Broker shall obtain a surety bond issued by a surety company authorized to  
34 do business in this State or establish a trust account with a licensed and insured bank or  
35 savings institution located in the State of North Carolina. The amount of the bond or  
36 trust account shall be two hundred thousand dollars (\$200,000). The bond or trust  
37 account shall be in favor of the State of North Carolina. Any person damaged by the  
38 Ticket Broker's breach of contract or of any obligation arising therefrom, or by any  
39 violation of this Article, may bring an action against the bond or trust account to recover  
40 damages suffered. The aggregate liability of the surety or trustee shall be only for actual  
41 damages and in no event shall exceed the amount of the bond or trust account.

42 **"§ 66-253. Prohibitions.**

43 A Ticket Broker and employees or agents of that Ticket Broker may not:

- 1           (1) Engage in the practice of selling, or attempting to sell, tickets for an  
2 athletic contest or entertainment event on the property where the athletic  
3 contest or entertainment event is to be held; or
- 4           (2) Acquire and resell in excess of one percent (1%) of the total tickets  
5 allocated for the athletic contest or entertainment event, unless a Ticket  
6 Broker has a written contract with the promoter or operator of the  
7 property on which an athletic contest or entertainment event is to be  
8 held, which contract authorizes the Ticket Broker to resell more than  
9 one percent (1%) of the total tickets allocated for such event.

10 **"§ 66-254. Filing with the Secretary of State.**

11           (a) Prior to placing any advertisement or making any other representations to  
12 prospective buyers in this State, every Ticket Broker shall file with the Secretary of State  
13 a registration form provided by that office, and either a copy of the bond required by G.S.  
14 66-252, or a copy of the formal notification by the depository that the trust account  
15 required by G.S. 66-252 is established, accompanied by an annual fee in the amount of  
16 two thousand five hundred dollars (\$2,500) made payable to the Secretary of State. An  
17 annual renewal fee of two thousand five hundred dollars (\$2,500) must be paid to the  
18 Secretary of State. These filings shall be updated as any material changes in the required  
19 information or the status of the bond or trust account occur, but no less than annually.

20           (b) The filing shall contain the following:

- 21           (1) The name and principal place of business of the Ticket Broker.
- 22           (2) A statement describing the activities of the Ticket Broker to include that  
23 the Ticket Broker:
- 24           a. Engages in the resale of admission tickets on a regular and  
25 ongoing basis from one or more permanent or fixed locations  
26 within this State;
- 27           b. Maintains as the principal business activity at those locations the  
28 resale of tickets;
- 29           c. Displays at those locations the Ticket Broker's registration; and
- 30           d. Maintains at those locations a listing of the names and addresses  
31 of all persons employed by the Ticket Broker.

32           (c) Failure to comply with the requirements of this section shall be an infraction  
33 punishable by a fine of twenty-five dollars (\$25.00) for the first offense and seventy-five  
34 dollars (\$75.00) for each succeeding offense.

35 **"§ 66-255. Penalties.**

36           Any person, firm, or corporation that violates any of the provisions of this Article for  
37 which there is no prescribed penalty is guilty of a Class 2 misdemeanor."

38           Section 2. G.S. 14-344 reads as rewritten:

39 **"§ 14-344. Sale of admission tickets in excess of printed price.**

40           (a) Any person, firm, or corporation shall be allowed to add a reasonable service  
41 fee to the face value of the tickets sold, and the person, firm, or corporation which sells or  
42 resells such tickets shall not be permitted to recoup funds greater than the combined face  
43 value of the ticket, tax, and the authorized service fee. This service fee may not exceed

1 three dollars (\$3.00) for each ticket except that a promoter or operator of the property  
2 where the event is to be held and a ticket sales agency may agree in writing on a  
3 reasonable service fee greater than three dollars (\$3.00) for the first sale of tickets by the  
4 ticket sales agent. This service fee may be a pre-established amount per ticket or a  
5 percentage of each ticket. The existence of the service fee shall be made known to the  
6 public by printing or writing the amount of the fee on the tickets which are printed for the  
7 event. Any person, firm or corporation which sells or offers to sell a ticket for a price  
8 greater than the price permitted by this section shall be guilty of a Class 2 misdemeanor.

9 (b) This section shall not apply to sales pursuant to Article 32 of Chapter 66 of the  
10 General Statutes."

11 Section 3. This act is effective when it becomes law.