

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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HOUSE BILL 443
Committee Substitute Favorable 5/13/91

Short Title: Franchise Investment Act.

(Public)

Sponsors:

Referred to:

April 1, 1991

A BILL TO BE ENTITLED

AN ACT TO ESTABLISH A COMMISSION TO STUDY FRANCHISE INVESTMENT IN NORTH CAROLINA.

The General Assembly of North Carolina enacts:

Section 1. There is created the Study Commission on Franchise Investment, an independent Commission, to make recommendations on ways to insure that potential franchisees receive the information necessary to make informed decisions about offered franchises and to prohibit the sale of franchises when there is a likelihood that the franchisor's promises will not be fulfilled.

The Commission will consist of 12 members as follows:

The President Pro Tempore of the Senate shall appoint six members, of whom three shall be members of the Senate and three shall be public members. The Speaker of the House of Representatives shall appoint six members, of whom three shall be members of the House of Representatives and three shall be public members.

Sec. 2. The President Pro Tempore of the Senate shall designate one Senator as cochair and the Speaker of the House of Representatives shall designate one Representative as cochair of the Commission.

Sec. 3. The Commission shall obtain information, study, and make findings and recommendations on the following:

- (1) Laws of other states and the federal government which are applicable to the offer and sale of franchises;
- (2) Desirability of implementing a system of registration for offers and sales of franchises;

- 1 (3) What transactions, if any, should be exempt from such registration;
2 (4) Civil and criminal penalties to deter fraudulent and deceptive
3 practices; and
4 (5) Any other issue relevant to regulation of the offer and sale of
5 franchises in North Carolina.

6 Sec. 4. The Commission shall submit a final report of its findings and
7 recommendations to the General Assembly on or before the first day of the 1993
8 Session of the General Assembly by filing the report with the President Pro Tempore of
9 the Senate and the Speaker of the House of Representatives. Upon filing its final report,
10 the Commission shall terminate.

11 Sec. 5. The Commission, while in the discharge of official duties, may
12 exercise all the powers provided for under the provisions of G.S. 120-19, and G.S. 120-
13 19.1 through G.S. 120-19.4. The Commission may meet at any time upon the joint call
14 of the cochaurs. The Commission may meet in the Legislative Office Building.

15 Sec. 6. Members of the Commission shall receive subsistence and travel
16 expenses at the rate set forth in G.S. 120-3.1, 138-5, and 138-6 as applicable.

17 Sec. 7. The Commission may contract for professional, clerical, or consultant
18 services as provided by G.S. 120-32.02. The Legislative Services Commission, through
19 the Legislative Administrative Officer, shall assign professional staff to assist in the
20 work of the Commission, through the Legislative Administrative Officer, shall assign
21 professional staff to assist in the work of the Commission. The expenses relating to
22 clerical employees shall be borne by the Commission.

23 Sec. 8. When a vacancy occurs in the membership of the Commission, the
24 vacancy shall be filled by the same appointing officer who made the initial appointment.

25 Sec. 9. All State departments and agencies and local governments and their
26 subdivisions shall furnish the Commission with any information in their possession or
27 available to them.

28 Sec. 10. There is appropriated from the General Fund to the General
29 Assembly the sum of \$15,000 for the 1991-92 fiscal year, and the sum of \$15,000 for
30 the 1992-93 fiscal year, for the expenses of the Commission.

31 Sec. 11. This act becomes effective July 1, 1991.