

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1235 (Delegate Brooks)
Economic Matters

Commercial Law – Consumer Protection – Entertainment Events and Ticketing Practices

This bill establishes several restrictions on entertainment event ticketing system sales, transfers, and resales. Violation of the bill is an unfair, abusive, or deceptive trade practice under the Maryland Consumer Protection Act (MCPA), subject to MCPA’s civil and criminal penalty provisions.

Fiscal Summary

State Effect: The bill’s imposition of existing penalty provisions does not have a material impact on State finances or operations. The Office of the Attorney General, Consumer Protection Division, can handle the bill’s requirements with existing resources.

Local Effect: The bill’s imposition of existing penalty provisions does not have a material impact on local government finances or operations.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: The bill requires an entertainment event ticketing system to allow a purchaser to buy and transfer a ticket without (1) additional fees or (2) the consent of the person operating the entertainment event ticketing system. However, a person may operate a paperless entertainment event ticketing system that does *not* allow the purchaser to buy and transfer a ticket if, at the time of the initial ticket sale, the purchaser is given the option to purchase the same ticket in a form that is (1) transferable; (2) without additional fees;

and (3) independent of the entertainment event ticketing system. Any such ticket may be a paper or an electronic ticket.

An entertainment event ticketing system must give the purchaser the option to remove any personal information from the purchaser's ticket. If applicable, an entertainment event ticket website must provide written secondary market disclosure information to a potential ticket purchaser.

The bill prohibits an entertainment event (or venue) from denying admission to a person who possesses a resold ticket based on the fact that the ticket has been resold.

Additionally, the bill prohibits specified entities (an owner or operator of an entertainment event or venue, a primary ticket seller, or a reseller) from (1) setting a minimum price at which a ticket may be sold or resold or (2) prohibiting a ticket from being resold as a condition of purchase or in a contractual provision relating to the sale or resale of the ticket.

Finally, the bill prohibits certain types of owners or operators of entertainment events or venues (*i.e.*, public donor-funded or tax-exempt entities) from entering into a contract with a primary ticket seller to allow the primary ticket seller to be the only person authorized to sell tickets to the event.

Current Law: An "entertainment event" is defined as a performance, recreation, amusement, diversion, spectacle, show, or any similar event and includes a theatrical or musical performance, concert, film, game, ride, or sporting event.

An unfair, abusive, or deceptive trade practice under MCPA includes, among other acts, any false, falsely disparaging, or misleading oral or written statement, visual description, or other representation of any kind, which has the capacity, tendency, or effect of deceiving or misleading consumers. The prohibition against engaging in any unfair, abusive, or deceptive trade practice encompasses the offer for or actual sale, lease, rental, loan, or bailment of any consumer goods, consumer realty, or consumer services; the extension of consumer credit; the collection of consumer debt; or the offer for or actual purchase of consumer goods or consumer realty from a consumer by a merchant whose business includes paying off consumer debt in connection with the purchase of any consumer goods or consumer realty from a consumer.

The Consumer Protection Division is responsible for enforcing MCPA and investigating the complaints of aggrieved consumers. The division may attempt to conciliate the matter, issue a cease and desist order, or file a civil action in court. A merchant who violates MCPA is subject to a fine of up to \$10,000 for each violation and up to \$25,000 for each repetition of the same violation. In addition to any civil penalties that may be imposed, any person

who violates MCPA is guilty of a misdemeanor and, on conviction, is subject to a fine of up to \$1,000 and/or imprisonment for up to one year.

Small Business Effect: Any small businesses in the State that are involved with entertainment events (*e.g.*, owners or operators of entertainment events or venues, ticket sellers or resellers, *etc.*) are affected by the bill, which restricts the manner in which tickets may be sold, transferred, or resold. Although the exact number of small businesses in the State that may be affected by the bill's requirements is not known, it is assumed that the bill's restrictions likely increase costs (and potentially decrease revenues) for such businesses.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Department of Legislative Services

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