

SB 0825/ HB 0795: Maryland Ticketing Legislation Legislation that protects scalpers to the detriment of Maryland, fans, teams, artists, venues ... and all live entertainment

We strongly oppose Senate Bill 0852/ House Bill 0795—legislation that, while purportedly consumer-friendly, would only service to benefit ticket scalpers at the expense of Maryland fans, teams and venues. The sports and entertainment industry is a huge source of pride in Maryland—hundreds of millions of dollars have been invested in venues, sporting events, concerts, theatre and other live event productions in the State, significantly contributing to the employment of thousands of Maryland residents.

SB 0852/ HB 0795 is an attempt by ticket scalpers and out-of-state companies to use legislation to shape the marketplace in order to protect their profits—at the detriment of Maryland consumers and businesses.

SB 0852/ HB 0795 is promoted by companies and scalpers who aim to limit the ability of artists, teams, venues, and promoters—the event presenters who financially and creatively invest in putting on an event—to determine the terms under which tickets to their events may be sold. Thus, ticket scalpers aim to use the bill to dictate how event presenters can sell what they create.

This would be the same as if the used car industry used legislation to mandated how new carmakers should manufacture and sell cars.

SB 0852/ HB 0795 will cause unintended harm to Maryland's economy.

The sports and entertainment industry directly affects many people in Maryland beyond the teams and venues. Many ancillary businesses (hotels, restaurants, parking lots, food vendors, union workers, transportation and security companies, etc.) are positively impacted when teams come to town, or when a tour comes through a city. Yet, some performers and events may avoid appearing in Maryland if they encounter less fan-friendly protections in fear that their shows will be over-run by scalpers. If Maryland becomes a less attractive destination for performers and sporting events, the State will lose millions of dollars in taxable revenue during a time when it can ill afford such losses.

Supporters of SB 0852/ HB 0795 are protecting their profits, not fans. **We employ people here, pay taxes here, and help attract tourism and visitors contributing to Maryland's economic base. We have a vested interest in ensuring that fans have a great live entertainment experience—and that they come back again and again. We're standing with fans against this legislation, and we urge you to do the same.**

If anything should be worthy of legislative action, it is the real industry-wide problem in the resale market—the lack of consumer disclosures from scalpers and brokers and on resale websites.

The lack of disclosure on resale sites prevents fans from making informed purchases and from the State collecting appropriate taxes. Fans routinely purchase tickets on the resale market unaware of the original price, or that they are shopping on sites where prices often exceed face value. They're also often purposely misled by language or images of an artist, venue, team, or an entertainment event to give the appearance of an official or legitimate ticket selling channel.

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Face-value ticketing is a ticketing process also referred to as credit-card entry (a.k.a. paperless) and will call-only. These ticketing methods are designed to raise obstacles for scalpers, helping to get fans to the front of the line—instead of scalpers—when tickets go on sale.

A ticket scalper is someone who uses deceptive practices to purchase or sell vast quantities of tickets with the sole intention of reselling them at a profit. Ticket scalping is a problem affecting Maryland consumers, and one that the legislature should take seriously.

Opponents to paperless are companies and scalpers who aim to limit the ability of artists, teams, venues, and promoters—the event presenters who financially and creatively invest in putting on an event—to determine the terms under which tickets to their events may be sold.

Thus, ticket scalpers aim to use this legislation to dictate how event presenters can sell what they create. This is as simple as the Maryland event presenter vs. out-of-state scalpers and companies. Artists such as Adele, Kid Rock, Eric Church, Bruce Springsteen and others sometimes choose paperless tickets when they want to help ensure that real fans have a chance to get great seats at face value. These are typically offered for certain sections or rows of seats instead of entire venues. Less than 0.01% of tickets are sold this way, so fans still have plenty of options.

Teams, venues, artists and promoters are in the business of encouraging repeat visits, so they have an economic interest in helping true fans who have last-minute scheduling changes or personal requests for transfer with paperless tickets.

Banning paperless and will call-only ticketing is interfering with natural market dynamics. If fans don't like these types of tickets, they will vote with their wallets by choosing other types of available tickets or tickets to other events. The Connecticut Department of Consumer Protection used this same rationale when studying the issue, and recommended that market forces—not the state legislature—should decide such matters.

Only one state in the country—New York—has temporarily restricted the use of paperless ticketing. That law sunsets in May 2016. Consumers in the tri-state area have literally paid the price for this ill-conceived policy that limits an artist's, venue's or team's ability to set aside some of their tickets for purchase at face value—therefore protecting their fan base. There are artists who have chosen not to play in New York because of the restrictions; Pennsylvania, New Jersey and Connecticut have all been more than happy to host these artists and reap the financial benefits. Pro-scalping legislation has been introduced in states across the country, and in every state, lawmakers have sided with fans and venues, instead of scalpers, refusing to enact this type of legislation.

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Answers to Opposition Arguments:

“We Bought It—We Own It”

- There is a fundamental difference between scalpers and fans. Fans buy tickets to attend events. Scalpers buy tickets to resell them.
- Scalpers say “I bought it, I own it”—but what they mean is they actually want to resell it. Fans on the other hand say **“I bought it, and I'm going.”**

“Grandma can't give tickets as a gift or I got sick and can't make the show”

- Venues want fans to come back again and again. That means they have an economic interest in helping REAL fans who have last-minute scheduling changes or personal requests with their paperless tickets.
- Refund policies are similar for traditional and paperless tickets.

“Fans are speaking out against paperless tickets”

- The majority of the feedback the live entertainment industry gets from fans is about how great their seats are, and how excited they were to get tickets (due to paperless).

“Consumer groups support this legislation”

- The opposition seem to have unlimited financial resources, and have given money to consumer groups in exchange for their support for what charades as a “pro-fan” agenda.
- Consumers want access to tickets at face price. That's why they applaud when artists, teams and venues make some of their seats only available to fans who intend on going to a show.
- Paperless and will-call ticketing helps level the playing field and allows a consumer to purchase a great seat at a great price.
- Consumer groups who have been misled into supporting this legislation are out of step with the very people about whom they claim to care.

“Restrictive tickets are just a way to limit competition”

- Companies compete by trying to give their customers the most attractive options—and paperless and will call-only tickets are attractive to many fans. Fans find a lot of value in getting a great seat at face value. If resale websites are so worried about competing for fans, we’d encourage them to start by improving their business practices to protect fans against deceptive practices.