



Testimony in Opposition to SB 539 (Sale and Resale of Tickets)

Kevin Callahan
Senate Finance Committee
Wednesday, February 14, 2024

Chair Beidle, Vice Chair Klausmeier and members of the Senate Finance Committee,

Thank you for the opportunity to submit comments regarding Senate Bill 539, regarding the sale and resale of tickets. StubHub believes that a competitive, transparent, and secure ticket marketplace unequivocally supports fans. Competition can drive affordability and an overall better consumer experience. We advocate for comprehensive regulation that addresses the ticket buying experience holistically and caution against regulation that may have the unintended consequence of emboldening engrained monopolies within the live events industry.

While we are supportive of some of the concepts included in the bill, such as all-in pricing for the whole industry, we would appreciate the opportunity to work with the sponsor and the Committee to further public policies that create a competitive, transparent and secure ticketing marketplace.

Background on StubHub

Founded in 2000, StubHub revolutionized secondary ticket sales by providing fans a safe, transparent, and trusted marketplace to buy and sell tickets. As a marketplace, StubHub provides a service to buyers and sellers. We do not sell tickets directly. StubHub provides the platform that connects buyers and sellers, as well as the infrastructure to ensure those transactions are successful. Our sellers set their ticket prices and collect the proceeds of the sale. StubHub's only revenue from a transaction is the fees charged to the buyer and seller for the use of our service. Our fees are transparent and fully disclosed to buyers and sellers before the completion of any transaction.

StubHub holds our users to an extremely high standard and every transaction is protected by our industry leading FanProtect Guarantee. It is the hallmark of our business and has defined the industry standard with respect to customer protections. In those rare instances where something goes wrong with a transaction, ticket buyers are guaranteed comparable or better replacement tickets to the event, or when that is not possible, a full refund inclusive of fees.

Price and Fee Caps

StubHub places fans first, providing access to tickets at competitive prices. Sellers on our site dictate the price of the tickets sold on our site. We value the ability of our users to buy and sell tickets at the prices they deem appropriate, without regulatory interference or manipulation through mechanisms such as price caps or floors that impact the ability to sell at the market rate.

From a consumer standpoint, price caps have been observed to undermine consumer protection by incentivizing the movement of legitimate business activity outside of enforcement jurisdiction. Consumers will be disadvantaged as sales are driven off secure platforms and into non-regulated forums such as social media scams that lack consumer protections. Keeping inventory on secure, reputable platforms is critical to maintain positive consumer experiences, as well as to help combat fraud in the market and help enforce relevant laws. Consumers will benefit more from a regulated resale market that provides critical protections than they will from antiquated and ineffective price cap statutes.

Similarly, arbitrary limitations on fees earned by secondary ticket exchanges undermines our ability to protect our users and provide our service to customers wishing to sell or buy tickets to events in Maryland. StubHub takes the fees on the ticket sale and uses it to build the world's leading live event marketplace, which means funding world-class security measures, investing in our FanProtect Guarantee to guarantee each order, and offer the most innovative platform for the widest access around the world.

It is also concerning to see that SB 539 only targets the fees of secondary ticket exchanges while not addressing the fees assessed by ticket issuers/primary ticketing companies, like Ticketmaster. In comparison, Ticketmaster's secondary ticket exchange platforms do not share the same costs of integration because of their position as a primary ticketer as well. We believe StubHub's fees are competitive with the broader secondary ticketing industry. It is critical that policymakers take action to ensure the live event industry is competitive so that one player cannot unilaterally dictate the price of fees to customers.

Data Transfer and Privacy

Requirements in SB 539 for resellers and secondary ticket exchanges to provide customer data to a ticket issuer is concerning from a privacy and data protection standpoint. The bill is vague in how these requirements would be implemented. Further, we are not aware of any other requirement for us to disclose to other unaffiliated businesses our customer data especially as it is unclear how that data would be collected, maintained, protected, and used by the ticket issuers.

Transferability

Language in SB 539 regarding the ability of a consumer to transfer or resell a ticket should more clearly define the right of Maryland consumers. The provisions is vague ("subject to reasonable restrictions") and empowers primary ticket sellers to impose unfair restrictions on the sale of a ticket rightfully purchased by a consumer. This provision may have the unintended consequence

of further consolidating control over the ticket purchasing process with those who sell the ticket, rather than those who purchased the ticket.

Though SB 539 advances some positive concepts for consumers that we support, such as all-in pricing (AIP) that is applied across the industry, we believe that there are further advancements which would improve the overall experience for Maryland consumers when it comes to the sale and resale of tickets. We respectfully ask the committee for further work on the bill to preserve consumer choice and protection in the live event ticketing space and preserve competition.