

HOUSE BILL REPORT

HB 2921

As Reported by House Committee On:
Business & Financial Services

Title: An act relating to ticket sales over the internet.

Brief Description: Concerning ticket sales over the internet.

Sponsors: Representatives Kloba, Kirby, McBride and Appleton.

Brief History:

Committee Activity:

Business & Financial Services: 1/30/18, 1/31/18 [DPS].

Brief Summary of Substitute Bill

- Requires businesses engaged in reselling event tickets to be licensed by the Department of Licensing.
- Adopts regulations and penalties for ticket reseller businesses.
- Adds definitions to existing laws prohibiting unauthorized interference in online ticket sales.

HOUSE COMMITTEE ON BUSINESS & FINANCIAL SERVICES

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 6 members: Representatives Kirby, Chair; Reeves, Vice Chair; Bergquist, Blake, Santos and Stanford.

Minority Report: Do not pass. Signed by 5 members: Representatives Vick, Ranking Minority Member; Walsh, Assistant Ranking Minority Member; Barkis, Jenkin and McCabe.

Staff: Robbi Kesler (786-7153).

Background:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The Department of Licensing (Department) licenses certain businesses and professions and may investigate complaints or reports of unprofessional conduct and hold administrative hearings. The Department may discipline and fine the licensees.

The Washington Consumer Protection Act declares that unfair and deceptive practices in trade or commerce are illegal. Consumers injured by unfair or deceptive practices may bring a private cause of action for damages. Additionally, the Attorney General may investigate and prosecute consumer protection claims on behalf of the state or on behalf of individuals in the state.

In 2015 the Legislature adopted a law prohibiting unauthorized interference in online ticket sales.

Summary of Substitute Bill:

A person, firm, or corporation that engages in the business of reselling any entertainment tickets, online or in person, must obtain a license from the Department. The annual licensing fee is \$1,000. The licensing fee may be adjusted through rulemaking and the increase is capped at 25 percent. The license must be displayed in a conspicuous location in the principal place of business, all branch locations, and as a hyperlink in the case of online ticket sales.

The licensing fee is waived for businesses that do not sell tickets above face value plus any reasonable or actual charge for delivery. Websites that facilitate entertainment ticket sales solely between third parties are exempt from the licensing requirement. Nonprofit organizations and persons acting on behalf of a nonprofit organization are exempt from the licensing requirement if any profit realized from ticket reselling is wholly dedicated to the purposes of the nonprofit.

All licensees are required to keep full and accurate records of the price all tickets were bought and sold, and complete contact information of the persons, firms, or corporations tickets were purchased from. Licensees that sell tickets by means of an auction must maintain a record of the sale price, the number of tickets, and types of seats offered through auction. Licensees must report the total number and average resale auction price of all tickets to each ticketed event to the Department twice per year. All records must be made available upon request to governing authorities such as the Department or the Attorney General.

All licensing applicants must file a bond with the Department of \$25,000. The bond must be conditioned that the licensee will not be guilty of any fraud or extortion and will not violate the licensing regulations. The Department may draw upon the bond, after issuing a determination in writing which must outline the basis for such an action. The licensee must be given an opportunity to respond.

The Department is granted rulemaking authority. An account is created in the custody of the State Treasurer to be used to deposit all monies collected through the ticket reseller program.

Expenditures from the account may only be used for the implementation and enforcement of the ticket reseller program.

Penalties and Enforcement.

The Department may take certain actions against a person, applicant, or licensee, such as denial of an application, license revocation, or issuing fines, if there is satisfactory proof of:

- violations of ticket reseller regulations or any rule adopted by the Department;
- misstatement in a licensing application;
- engagement in fraud or fraudulent practices;
- demonstrated untrustworthiness or incompetence; or
- conviction of a misdemeanor which the Department believes bears such a relationship to licensure to constitute a bar to licensure or renewal.

Upon complaint of any person or on its own initiative, the Department may investigate a ticket reseller's business, business practices, or business methods related to licensing regulations. Each licensee must provide the Department with requested information during the course of the investigation.

The Attorney General may bring action in the name of the state or on behalf of a person residing in the state to restrain and prevent any act prohibited or declared to be unlawful regarding ticket seller licenses.

Any person who has been injured by a violation of ticket reseller regulations may bring an action in the person's own name and seek up to \$500 per violation, or actual damages, whichever is greater. The court may award reasonable attorneys' fees to the prevailing party.

Definitions are added to the laws related to unauthorized interference in online ticket sales.

Substitute Bill Compared to Original Bill:

The substitute bill makes the effective date April 1, 2019, sets the licensing fee at \$1,000, and grants the Department authority to raise that fee through rulemaking, by no more than 25 percent.

Establishes an account for depositing licensing fees collected. All expenditures from that account must be used to implement and enforce the ticket reseller licensing program.

Grants the Department rulemaking authority.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 1, 2018.

Effective Date of Substitute Bill: The bill takes effect on April 1, 2019.

Staff Summary of Public Testimony:

(In support) This bill addresses the different ways tickets are being sold by resellers, often above face value or counterfeit. In 2015 the software side of things was addressed through ticket bot legislation. This is the next logical step to help protect consumers in this arena. This bill requires the ticket reseller to keep records so the Department and the Attorney General's Office can check to see if there has been any fraudulent behavior. This bill helps protect consumers and introduces some transparency in this field of reselling tickets.

(Opposed) None

Persons Testifying: Representative Kloba, prime sponsor.

Persons Signed In To Testify But Not Testifying: None.