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**Business & Financial Services Committee**

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**HB 2921**

**Brief Description:** Concerning ticket sales over the internet.

**Sponsors:** Representatives Kloba, Kirby, McBride and Appleton.

**Brief Summary of 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.

**Hearing Date:** 1/30/18

**Staff:** Robbi Kesler (786-7153).

**Background:**

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 Bill:**

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*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.*

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 \$5,000. The license must be displayed in a conspicuous location in the principal place of business, all brick locations, and in the case of online ticket sales as a hyperlink.

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. Non-profit organizations and persons acting on behalf of a non-profit organization are exempt from the licensing requirement if any profit realized from ticket reselling is wholly dedicated to the purposes of the non-profit.

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 sales 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.

#### 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.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.