
**Consumer Protection & Business
Committee**

HB 1648

Brief Description: Concerning ticket sales.

Sponsors: Representatives Reeves, Ryu, Berry, Walen, Simmons, Ramel, Orwall, Duerr, Gregerson, Doglio, Stonier, Pollet and Morgan.

Brief Summary of Bill

- Prohibits persons from knowingly reselling, or offering for resale, admission tickets that the person knows were obtained using software to circumvent or evade a ticket seller's security measures on its internet website, application, phone system, or similar technology, which prohibition is enforceable under the Consumer Protection Act.
- Establishes a ticket sales license that must be obtained to engage in the business of a ticket seller or ticket reseller.
- Requires ticket sellers and ticket resellers to make several disclosures to admission tickets consumers.
- Limits the charging of admission tickets delivery fees and use of "dynamic pricing" for admission tickets sales.
- Prescribes penalties for violations.

Hearing Date: 1/31/23

Staff: Michelle Rusk (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 part of the legislation nor does it constitute a statement of legislative intent.

Ticket Sales.

The means by which a person may purchase admission tickets from ticket sellers to certain events in this state is regulated. Specifically, a person is prohibited from using or selling software to circumvent, thwart, interfere with, or evade access controls or security measures on a ticket seller's website, in furtherance of the Legislature's intent to protect consumers and ticket sellers from software that simulates the action of a human being purchasing tickets from a ticket seller, in order to evade controls on the ticket seller's website. A "ticket seller" is a person that makes admission tickets available at an initial presale or sale to the general public, either directly or indirectly, and an "admission ticket" is evidence of a right of entry to an "event," which, as defined, includes a concert, theatrical performance, sporting event, exhibition, show, or similar activity held in this state.

The use or sale of software to interfere with or disrupt the operation of ticket sales over the internet is found to be an unfair or deceptive act in trade or commerce and an unfair method of competition for the purposes of applying the Consumer Protection Act (CPA). The CPA prohibits unfair or deceptive acts or practices in trade or commerce, the formation of contracts, combinations, and conspiracies in restraint of trade or commerce, and monopolies. Persons injured by violations of the CPA may bring a civil action to enjoin further violations and recover actual damages, costs, and attorney's fees. The Attorney General may bring an action in the name of the State, or as *parens patriae* on behalf of persons residing in the state, against any person to enjoin violations of the CPA and obtain restitution.

Summary of Bill:

Ticket Sales Prohibited Acts.

The prohibition on using software to circumvent or evade a security measure or other control on a ticket seller's internet website is expanded to apply to an "application, phone system, or similar technology." It is also prohibited for a person to knowingly resell or offer for resale an admission ticket that such person knows was obtained using software to circumvent, thwart, interfere with, or evade a security measure, access control system, or other control or measure on a ticket seller's internet website, application, phone system, or similar technology. Violations of these prohibition are enforceable through the Consumer Protection Act.

Ticket Sales License Established.

A license is created that must be obtained in order for a person to engage in the business of a ticket seller or ticket reseller, administered by the Department of Licensing (DOL). A "ticket reseller" is a state-licensed person or entity that resells or offers for resale admission tickets, including a person or entity that operates a platform or exchange to facilitate the resale or offering for resale of admission tickets between third parties, which includes platforms or exchanges operating by means of an internet website, application, phone system, or other similar technology, and who does not generally maintain their own ticket inventory. "Ticket reseller" does not include:

- a person who is the original purchaser of an admission ticket for personal use, including the purchase for personal use of season tickets to theatrical performances or sporting

- events; or
- charitable organizations, when offering for sale any admission tickets in a raffle, auction, or similar fundraising activity to benefit the organization's charitable purposes.

Licenses must maintain a permanent public office or place of business in Washington and conspicuously display the license at all times. Licensing fees are also established:

- \$150 if a licensee sells or resells less than 500 admission tickets annually;
- \$750 if a licensee sells or resells at least 500 but no more than 1,000 admission tickets annually; and
- \$2,000 if a licensee sells or resells more than 1,000 tickets annually.

When applying for a license, applicants must disclose whether they own, are owned by, or share common ownership with any other ticket seller or ticket reseller. When renewing a license, a licensee must provide the following information to the DOL for the prior year:

- the number of events for which the licensee sold tickets;
- the number of admission tickets the licensee sold;
- the average face value of admission tickets the licensee sold; and
- the average revenue generated by the licensee's business of selling admission tickets to events.

The DOL Director is authorized to set license and renewal fees, adopt rules, and set license expiration and renewal dates. No person may hold more than two ticket sales licenses, and no license may be transferred, except with the DOL's written permission.

Ticket Seller and Ticket Reseller Disclosure and other Requirements.

Price Disclosures.

Ticket sellers and ticket resellers may not sell, resell, or offer for sale or resale admission tickets without disclosing to a consumer, prior to a user selecting a ticket, the total amount they will be charged before purchasing an admission ticket. Price disclosures must include: (1) the face value of the admission ticket; and (2) the total cost of the admission ticket, including all fees. "Face value" means the dollar value of an admission ticket reflecting the dollar amount a customer is required to pay, excluding any charges, fees, and taxes.

Disclosures of subtotals, fees, and any other component of an admission ticket purchase price:

- must not be false or misleading;
- cannot be presented more prominently than an admission ticket's total purchase price; and
- must be fully disclosed before a user is required to enter login credentials if the user is purchasing a ticket on a platform or exchange that requires login credentials to complete a purchase.

An admission ticket price must not increase between selection and purchase, excluding reasonable fees for delivery of nonelectronic tickets that must be disclosed prior to acceptance of payment.

Ban on Nonphysical Delivery Fees.

Only reasonable and actual costs for the physical delivery of admission tickets may be charged, based on the delivery method a purchaser chooses. No delivery fee may be charged for admission tickets delivered electronically, or that can be printed independently by a purchaser.

Dynamic Pricing Limitation.

A ticket seller or ticket reseller may not use surge pricing, demand pricing, or similar price-adjusting technology or manual processes, sometimes referred to as "dynamic pricing," to sell an admission ticket for a purchase price greater than an additional 10 percent of the admission ticket face value, excluding reasonable fees.

Consumer Disclosures.

Prior to a user completing a purchase of an admission ticket, ticket sellers and ticket resellers must also disclose to users:

- the terms of a purchaser's right to cancel a purchase;
- the applicable refund policy if an event is canceled;
- whether the seller is owned by, owns, or shares common ownership with another ticket seller or ticket reseller;
- a hyperlink to a copy of the licensee's ticket sales license;
- contact information to submit a consumer complaint, including information for the Washington Consumer Protection Division's complaint website; and
- that Washington has consumer protections for consumers of admission tickets for events, and where those laws may be found.

If a ticket reseller is owned by, owns, or shares common ownership with a ticket seller, they must disclose the following to a user prior to the user completing a purchasing of an admission ticket:

- whether admission tickets for an event are still available for purchase from the ticket seller with whom the ticket reseller shares common ownership, owns, or is owned by; and
- the face value of the admission ticket available for purchase from that ticket seller.

Penalties and License Revocation.

A person who violates any requirement under this act or DOL rules is subject to:

- a penalty of not more than \$250 for a first violation; and
- a penalty of not more than \$500 for each subsequent violation.

If a person fails to pay a fine within 30 days of the date of the fine, the DOL may, after notice and opportunity to be heard, revoke or suspend a license.

Any county, city, or town law regarding the sale of admission tickets is preempted, and a severability clause is included.

Appropriation: None.

Fiscal Note: Requested on January 26, 2023.

Effective Date: The bill takes effect on January 1, 2024.