



OLR RESEARCH REPORT

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OLR BACKGROUNDER: TICKET RESALE

By: Duke Chen, Legislative Analyst II

This report provides an overview on entertainment and sport ticket resales and how state laws deal with the issue. It also discusses some current ticket resale issues and how Connecticut and other states have dealt with them.

ENTERTAINMENT AND SPORT TICKET RESALE OVERVIEW

Since the introduction of Internet, reselling entertainment and sport tickets has grown and changed. As a result, current state ticket resale laws may be unable to deal with the increased Internet sales and other new business practices. Some of the new issues are (1) ticket transferability, (2) statute enforcement, (3) ticket sale transparency, and (4) Internet security.

Most states, including Connecticut, have adopted some type of ticket resale laws. These laws, whether it is banning or capping resale profit, restricting the sale's time and place, or determining who can sell tickets, generally do not address the new issues.

With the increasing number of tickets being resold, legislatures around the country are grappling with these issues. It is important for legislators to make policy decisions on how to best protect the consumers while balancing the interest of the ticket sellers.

STATE LAWS GENERALLY

Connecticut and at least 26 other states have some type of ticket resale laws. Although these laws are not uniform and have varying exemptions or rules for specific events, they can generally be broken down into four types. They are states that (1) restrict where and when tickets can be resold, (2) limit who may resell tickets, (3) ban resales or cap ticket resale prices, and (4) have other miscellaneous restrictions or requirements. These statutes attempt to regulate ticket resales in different ways and address different issues, with some states imposing a combination of these approaches.

Reselling Restrictions

Connecticut and three other states allow ticket resales but restrict the time and place they may be sold. Connecticut prohibits reselling tickets within 1,500 feet of the venue on the day of the event (CGS § [53-289c](#)). These restrictions were put in place in 2007 when Connecticut repealed its prohibition against reselling tickets for more than \$3 over face value (PA 07-206). Other states with similar provisions are: Arizona, California, and Delaware.

Licensing/ Registering Resellers

Some states only allow those who are registered or licensed to resell tickets above face value. For example, Illinois requires ticket resellers to register with the Secretary of State and pay an \$100 registration fee (720 Ill. Comp. Stat. 375/1.5). Other states that require licensing or registering include: Alabama, New Jersey, New York, Pennsylvania, and Ohio.

Resale Ban and Capping Resale Price

Many states continue to maintain a strict prohibition on reselling any ticket over face value, including: Arizona, Delaware, Hawaii, Kentucky, Louisiana, Maryland, Michigan, Mississippi, New Mexico, Virginia, and Wisconsin. While others allow reselling tickets at a certain dollar amount over face value, including: Florida, Georgia, Massachusetts, North Carolina, Rhode Island, and South Carolina.

Other Restrictions

In addition to the regulations above, states may have other requirements as well. These include having a permanent office in-state and refund policy, getting the operator's permission, or posting a bond.

In Connecticut, ticket resellers must refund a ticket's purchase price if the (1) event is cancelled, (2) ticket does not grant admission to the event, or (3) ticket does not conform to the reseller's advertisement of it (CGS § [53-289b](#)).

CURRENT TICKET RESALE ISSUES

With the growth in the Internet resale market, there are new issues in the secondary resale market.

The Internet has revolutionized the ticketing industry. The process use to require purchases to be done in person, but now a consumer can purchase and print out a ticket from home, which has led to new business practices.

The increase in Internet sales and other new business practices has led to problems that state statutes generally do not address. Some of these issues are (1) ticket transferability, (2) statute enforcement, (3) ticket sale transparency, and (4) Internet security.

Ticket Transferability

One of the biggest issues facing ticket resale is ticket transferability. Ticket sellers will sometimes restrict their tickets from being transferred. The courts have generally recognized tickets as revocable licenses to watch an event. As such, ticket restrictions are enforceable if they do not violate any state law and there is sufficient notice.

But the issue remains because ticket sellers and consumers view tickets differently. Ticket sellers believe tickets are licenses, which merely allows the consumer access to the event. While consumers believe they have a property interest in the ticket, and should be able to do whatever they want with it, including transferring it.

Season tickets. Many sports teams and performers are placing restrictions on reselling or transferring their tickets. For example, some professional sports teams prohibit season ticket holders from reselling their tickets. A violation may cause season ticket holders to lose their right to buy future season tickets.

Paperless tickets. One way ticket sellers have tried to curb ticket transfers is to require paperless tickets. Paperless tickets are essentially seat reservations, much like an airline ticket. Consumers buy the paperless ticket with a credit card and then on the day of the event, present a photo identification and the same credit card to gain entry.

Since there is no conventional ticket, it cannot be transferred. A problem may occur if the person buying the ticket is not the same person who is going to the event. For example, if a grandparent buys a ticket for a grandchild, the grandparent would have to physically be at the event in order for the grandchild to get in.

Enforcement

Enforcing the law on Internet transactions is more difficult and presents different problems than regulating in-person transactions. Sometimes a transaction will occur where the seller lives in one state, the consumer in another, and the event occurs in a third. The issue is generally not whether a state law applies, but rather how to enforce it. Due to the relative anonymity of the Internet purchase and consensual nature of the transaction, enforcing these laws across state borders may be too costly and difficult, considering the type of offense.

Transparency for Amount of Tickets

Another issue is whether consumers really know their chances of getting a ticket. Consumers are generally unaware of how many tickets are available for public sale versus how many are held back for the media, sponsors, or fan club members.

Sometimes a concert will be declared to be sold out, when held back tickets may still be available. In the past, 48 hours before the show, any unused tickets were sold at the box office to the public at face value. But the increasing trend is to sell these tickets on the secondary market for a higher price.

Transparency proponents argue that if consumers know how many tickets are available they would be better able to (1) assess their chances of getting a ticket and (2) gauge the amount needed to purchase tickets on the secondary market.

Internet Safety

There are also concerns with Internet security when buying resold tickets online. As with buying a resold ticket in person, there is always the risk of buying a counterfeit one. But in a transaction where you may not see the ticket seller, any recourse could be more difficult.

A problem that is specific to online purchasing is ticket resellers using computer software known as a “bot.” The bots allow resellers to cut to the front of the line and buy the best seats for resale. One advantage bots have is they buy tickets in volume, which virtually guarantees at least a small percentage of the attempts will be successful. Security experts say it is difficult to stop because the bots are actually purchasing tickets and it is not always easy to tell if it is a person or a program doing it.

RECENT CONNECTICUT LEGISLATION

In 2010 and 2011, the General Assembly considered two bills addressing some of these issues. Both passed the General Law Committee but failed to pass the Judiciary Committee.

Both bills would have banned restricting season tickets. The 2010 bill would have made ticket venues more transparent and banned bot software. The 2011 bill prohibited selling only non-transferable tickets and required certain ticket delivery methods.

H.B. 5228, An Act Concerning the Sales of Event Tickets on the Secondary Market (2010)

This bill (1) prohibited restricting ticket resales in subscriptions or season ticket packages, (2) required certain entertainment venues to disclose the number of tickets available, and (3) banned the use or sale of software designed to circumvent security measures used to ensure an equitable ticket purchasing process.

Season Ticket Restriction Ban. The bill banned entertainment operators from restricting season ticket packages or subscription resales as a condition to (1) purchase, (2) retain tickets for the season or as part of the package, or (3) retain the right to purchase future season tickets.

The bill also prohibited operators from denying access to a consumer who possesses a resold season ticket, solely because it was resold. An operator can still revoke or restrict a ticket for violating written venue policies related to patron safety, fraud, or for misconduct in connection with the sale or use of such ticket.

Ticket Disclosure. The bill required venues with more than 3,000 seats to release certain information to the public for each entertainment event where tickets are sold to the public.

The bill required venue operators to release the number of tickets (1) available to the event; (2) for sale to the public by the owner, lessee, operator, or manager; and (3) unavailable due to stage design, maintenance, or other issues.

The information must be released within two days after tickets are first on sale to the public and can be posted on the owner's website where the ticket were sold. Fan club only tickets are considered for sale to the general public.

Ticket Software. The bill banned the use or sale of software designed to circumvent security measures used to ensure an equitable ticket purchasing process on a ticket seller's website. "Software" was defined as a computer program that is primarily designed or produced for the purpose of interfering with the operation of any person who sells admission tickets to entertainment events.

A violation would have been a class D felony, which is punishable by up to five years in prison, a fine up to \$5,000, or both.

H.B. 6298, An Act Concerning the Fair Sale of Tickets to Entertainment Events (2011)

This bill prohibited anyone from (1) restricting ticket resales of tickets in subscriptions or season ticket packages, (2) denying access to an event solely because the ticket was resold, and (3) employing a ticketing system that does not give the purchaser an option of purchasing tickets that are transferrable. The bill also puts certain conditions on how tickets can be delivered.

Season Ticket Restriction Ban. The bill banned anyone from restricting ticket resales to an entertainment event when the ticket is part of a subscription or season ticket package. It prohibited imposing conditions on (1) purchasing, (2) retaining tickets for the duration of the subscription or season ticket package agreement, or (3) retaining any contractual rights to purchase future subscription or season ticket packages.

Ticket Transferability. The bill prohibited anyone from (1) denying access to an event solely because the ticket was resold and (2) employing a ticketing sales system that does not allow the consumer to buy tickets that he or she may transfer without additional fees or the ticket distributor's consent.

Paperless Ticket Exception. The bill allowed ticket sellers to use a non-transferable paperless ticketing system, if the consumer has the option of buying the same tickets in a transferable form at the time of purchase. This option could include paper tickets or e-tickets, but they must be the same price.

Ticket Delivery. The bill prohibited an entertainment venue operator or his or her agent from (1) requiring the ticket consumer to choose "will call" as the only delivery option or (2) restricting the consumer's ability to pick up tickets from the box office or will call window before an event, including requiring the consumer to provide a credit card to pick up tickets. But the operator or agent can require consumers to pick up tickets during a box office's normal business hours.

An entertainment venue operator or his or her agent must offer consumers the option of purchasing or picking up tickets from the venue or box office without a service fee.

RECENT LEGISLATION IN OTHER STATES

Like Connecticut, other states have dealt with the current ticket issues through legislation. Colorado and New York have both passed laws that are similar to some of issues addressed in the Connecticut bills. Colorado prohibits season ticket restrictions and New York restricts paperless tickets.

Colorado

Colorado law bans certain season ticket restrictions. It prohibits limiting or putting a condition (1) that restricts ticket resale on a season ticket package, (2) to retain the right to purchase future season tickets,

and (3) that punishes the consumer if the ticket is resold through someone not approved by the operator. Colorado law also prohibits operators from denying a consumer access because he or she possesses a resold season ticket, solely because it was resold (Col. Rev. Stat. § 6-1-718).

New York

In 2010, New York was the first state to restrict paperless tickets. The law requires ticket sellers to give consumers the alternative of buying a traditional paper ticket (N.Y. Arts & Cult. Aff. Law § 25.30).

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