Date of Hearing: April 22, 2025 Fiscal: Yes

ASSEMBLY COMMITTEE ON PRIVACY AND CONSUMER PROTECTION Rebecca Bauer-Kahan, Chair AB 1349 (Bryan) – As Amended April 9, 2025

PROPOSED AMENDMENTS

SUBJECT: Consumer protection: ticket sellers

SYNOPSIS

Recently, Mumford and Sons announced a concert at the Hollywood Bowl. Before the tickets officially went on sale, a resale platform was already offering tickets to the event for over \$64,000. This bill aims to stop that practice by outlawing speculative ticketing, whereby people advertise tickets for sale on a resale platform that they neither own nor are guaranteed to get. Music artists, independent concert venue operators, and Ticketmaster do not agree on much, but they are in agreement that the resale of entertainment tickets at greatly inflated prices is harming both artists and their fans. This bill begins the process of reining in the excesses in that market by picking up where last year's SB 785 (Caballero) left off. This bill is substantially similar to the version of that bill after it was amended in this Committee.¹

This Committee's amendments to SB 785 came on the heels of a joint informational hearing held by this Committee and the Arts, Entertainment, Sports and Tourism Committee earlier in the year, focused on understanding and reining in the high price of live entertainment tickets. The Assemblymembers and public heard from an economist with expertise in online marketplaces, independent venue operators, representatives of artists, Consumer Reports, primary ticket sellers, and a resale marketplace platform. In addition to Ticketmaster's well-known monopolistic control of the primary market, another key pain point in the ticketing business became clear during the testimony of experts and those working in the field: the secondary resale market in California, and throughout much of the country, is fundamentally broken.

Comment #9 describes several minor and clarifying amendments, including exemptions to specific provisions requested by non-profit theater companies.

This bill is sponsored by the National Independent Venue Association (NIVA) and the Music Artists Coalition (MAC). In addition, it is supported by the Future of Music, a number of independent venues, and Live Nation. StubHub, SeatGeek, and TickPick, along with the Consumer Federation and a number of other organizations are in opposition.

This bill has been triple referred. It passed the Arts, Entertainment, Sports and Tourism Committee on a 7-0-2 vote. If it passes this Committee, it will next be heard by the Judiciary Committee.

THIS BILL:

¹ The bill was rewritten in the Assembly Appropriations Committee and later moved to the inactive file.

- 1) Defines the following terms:
 - a) "Artist" means an actor rendering services on the stage, musical artist, musical organization, or other performing artist rendering professional services in theatrical and other live entertainment enterprises.
 - b) "Consumer" means a natural person or persons who purchases tickets to an entertainment event with the purpose of attending that event.
 - c) "Entertainment venue" means a publicly or privately owned place that holds live entertainment events, including, but not limited to, an arena, auditorium, concert hall, live performance venue, racetrack, stadium, theater, or other place where entertainment events are presented for a price of admission.
 - d) "Entertainment venue" does not include an amusement park or fairground unless the venue is hosting an event, concert, or musical festival requiring a ticket, in addition to general admission to the park or fair, for entry.
 - e) "Event presenter" means the person or organization that is responsible for a sporting, musical, theatre, or other entertainment event for which tickets are sold, including the holder of the rights to the sporting, musical, theatre, or other entertainment event, or their authorized agent.
 - f) "Face Price" means the price established by the event presenter, rights holder, or venue operator prior to the original sale of a ticket, exclusive of any fees or charges.
 - g) "Live entertainment event" means a scheduled live performance at a specific date, time, and location, including, but not limited to, a theatrical or operatic performance, concert, or sporting event, including, but not limited to, football, basketball, baseball, boxing, tennis, hockey, or any other sport.
 - h) "Original seller" means a person who, for compensation, commission, or otherwise, advertises, lists, markets for sale, or sells an admission ticket to a sporting, musical, theater, or other entertainment event for original sale as instructed by an event presenter or venue operator.
 - i) "Premium seat license" means a license that entitles the holder to purchase tickets for a designated seat in a venue for multiple events, which include music shows in addition to nonmusic shows, over a period of time that is at least one year.
 - j) "Professional athletic team" means any entity that has all of the following characteristics:
 - i) It employs concurrently during the taxable year five or more persons, who are compensated for being participating members of an athletic team engaging in public contests.
 - ii) Is a member of a league composed of at least five entities that are engaged in the operation of an athletic team and that are located in this and other states, or in other countries.

- iii) Has total minimum paid attendance in the aggregate for all contests wherever played during the taxable year of 40,000 persons.
- iv) Has minimum gross income in the taxable year of one hundred thousand dollars (\$100,000).
- v) Does not participate in college athletics.
- k) "Rights holder" means an artist, performing arts organization, theater or dance company, a professional sports team, professional sports league, author, lecturer, or any other persons who are the primary speakers or performers at an event for which tickets are sold.
- 1) "Ticket" means a license, issued by the venue operator, for admission to the place of entertainment at the date and time specified on the ticket and is subject to the terms and conditions as specified by the rights holder and venue operator.
- m) "Ticket resale marketplace" means an entity that, for compensation, commission, or otherwise, advertises, lists, markets for sale, processes payments for, facilitates the resale of, or resells an admission ticket for, a sporting, musical, theater, or other live entertainment event.
- n) "Ticket reseller" means a person who for compensation, commission, or otherwise, advertises, lists, markets for sale, or sells an admission ticket to a sporting, musical, theater, or other entertainment event other than a ticket for original sale sold by an original seller.
- o) "Venue operator" means any person who owns, operates, manages, or controls an entertainment venue.
- 2) Requires original sellers, ticket resellers, and ticket resale marketplaces to be registered and duly licensed, as may be required by any local jurisdiction.
- 3) Eliminates the requirement that a ticket seller have a permanent business address from which tickets may only be sold and that the address be included in any advertisement or solicitation.
- 4) Specifies that each ticket sold or offered for sale in violation of the bill will constitute a separate violation which may be brought only by the Attorney General, a district attorney, a city attorney, a county council, or a city prosecutor, and requires the court to impose a civil penalty of not more than \$10,000 for each violation of the law, along with awarding the prevailing prosecutor reasonable costs and attorney fees.
- 5) Requires an original seller or ticket reseller to own, possess, or have a contractual right to a ticket before listing, marketing, or selling the ticket.
- 6) Requires an original seller or ticket reseller at the time of listing or marketing a ticket to disclose to the consumer the exact location of the seat in the entertainment venue, unless the ticket is not associated with occupying a specific seat in the venue, such as general admission or standing room only tickets. Exemptions are provided for flexible ticketing options that allow attendees to commit to a number of performances in advance while choosing the

specific performances at a later date, and for season tickets that are purchased as a package and are not individually priced.

- 7) Eliminates the exemption in current law that allows a ticket seller to market, advertise or sell a ticket if they inform the purchaser orally at the time of contract or receipt of consideration, and within two business days, that the seller does not have possession of the ticket, a contract to obtain the ticket and may not be able to obtain the ticket.
- 8) Requires ticket resale marketplaces, before accepting a listing to sell a ticket, to require that the person listing the ticket has a right to sell the ticket and is able to deliver it to the consumer.
- 9) States that by allowing a ticket to be posted for resale on its website, a ticket resale marketplace is confirming that the ticket is being sold in compliance with all applicable state laws.
- 10) Requires a ticket resale marketplace to disclose on its internet website in each ticket listing the exact location of the seat in the entertainment venue, unless the ticket is not associated with occupying a specific seat, such as general admission or standing room only tickets.
- 11) Repeals a provision of existing law that states that certain ticketing laws do not apply to any primary contractor or seller of tickets for the primary contractor operating under a written contract with the primary contractor, with "primary contractor," defined as the person or organization who is responsible for the event for which tickets are being sold.
- 12) Prohibits a ticket reseller from using an internet website, or causing an internet website to be used, that displays a trademarked or copyrighted URL, title, designation, image, mark, or other symbol without the written consent of the trademark or copyright holder, or any combination of text, images, web designs, or internet addresses that is substantially similar to the internet website of an event presenter or original seller, or any of their authorized agents, without the written consent of the event presenter or original seller.
- 13) Prohibits a ticket reseller from representing that a live entertainment event is sold out or use the term "sold out" when tickets are still available on the original seller's website.
- 14) Prohibits a person from intentionally using, causing to be used, or selling software or services that do any of the following:
 - a) Purchase tickets in excess of posted limits for an online event ticket sale.
 - b) Circumvent or disable an electronic queue, waiting period, presale code, or other sales volume limitation system associated with an online event ticket sale.
 - c) Circumvent or disable a security measure, access control system, or other control or measure that is used to facilitate authorized entry into an event.
 - d) Purchase tickets in violation of the combined event presenter's or venue operator's posted terms and conditions.
 - e) Utilize multiple Internet Protocol addresses, multiple purchaser accounts, or multiple email addresses to purchase tickets in excess of posted ticket limits.

15) Requires the person who sold or facilitated the sale of the ticket to a consumer, whether an original seller, event presenter, ticket reseller, or ticket resale marketplace, to provide a refund for a canceled event within 30 calendar days of the cancellation. For postponed or rescheduled events, consumers are required to be given the option to receive a refund or a credit.

EXISTING LAW:

- 1) Establishes the Better Online Ticket Sales (BOTS) Act, which prohibits the use of automated bots to circumvent ticket purchase limits set by ticket sellers. (15 U.S.C. § 45c)
- Prohibits selling or offering to sell an event ticket obtained using an automated bot if the seller participated in, had the ability to control, or should have known about the violation. (15 U.S.C. § 45c)
- 3) Defines a "ticket seller" as any person who for compensation, commission, or otherwise sells admission tickets to sporting, musical, theatre, or any other entertainment event. (Bus. & Prof. Code § 22503.)
- 4) Clarifies that the following are not ticket sellers for purposes of existing law:
 - a) An officially appointed agent of an air carrier, ocean carrier, or motor coach carrier who purchases or sells tickets in conjunction with a tour package.
 - b) Any person who sells six tickets or less to any one single event, provided the tickets are sold off the event premises, including, but not limited to, designated parking areas and points of entry to the event.
 - c) The person or organization responsible for the event for which tickets are being sold, or a seller of tickets operating under a written contract with this person or organization.
 - d) Any nonprofit charitable tax-exempt organization selling tickets to an event sponsored by the organization. (Bus. & Prof. Code §§ 22503.5, 22503.6, 22504, 22511.)
- 5) Requires that ticket sellers:
 - a) Maintain records of ticket sales, deposits, and refunds. (Bus. & Prof. Code § 22501.)
 - b) Prior to sale, disclose to the purchaser by means of description or a map the location of the seat or seats represented by the ticket or tickets. (Bus. & Prof. Code § 22502.)
 - c) Make any partial or full deposit refundable if received on a future event for which tickets are not available, except for a service charge of not more than 10 percent, until such time as tickets for the event are actually available. (Bus. & Prof. Code § 22506.)
 - d) Provide a refund within 30 days for the ticket price of an event that is canceled. (Bus. & Prof. Code § 22507(a).)
 - e) Provide a refund, upon request, within 30 days, for the ticket price of an event which is postponed, rescheduled, or replaced with another event at the same date and time. (Bus. & Prof. Code § 22507(b).)

- f) Provide that a local jurisdiction may require a bond of not more than \$50,000 to cover required refunds. (Bus. & Prof. Code § 22507(d).)
- g) Disclose that a service charge is imposed by the ticket seller and is added to the actual ticket price by the seller in any advertisement or promotion for any event by the ticket seller. (Bus. & Prof. Code § 22508.)
- 6) Prohibits a ticket seller from contracting to sell or accepting payment for tickets unless the ticket seller:
 - a) Has lawful possession of the ticket;
 - b) Has a contractual right to obtain the ticket; or
 - c) Informs the purchaser, in a specified manner, that it does not have possession of the ticket, has no contract to obtain the offered ticket, and may not be able to supply the ticket at the contracted price. (Bus. & Prof. Code § 22502.1.)
- 7) Authorizes a ticket seller to accept a deposit from a prospective purchaser as part of an agreement that the ticket seller will make best efforts to obtain a ticket at a specified price or price range and within a specified time, provided that the ticket seller informs the purchaser, in a specified manner, of the terms of the deposit agreement and makes required disclosures. (Bus. & Prof. Code § 22502.1.)
- 8) Prohibits a ticket seller from representing that it can deliver or cause to be delivered a ticket at a specific price or within a specific price range and fail to deliver the ticket a) within a reasonable time and b) below or within the price and range of prices stated. (Bus. & Prof. Code § 22502.2.)
- 9) Provides a private right of action to ticket purchasers for violations of 5) and 6). (Bus. & Prof. Code § 22502.3.)
- 10) Declares it unlawful for a person to intentionally use or sell software or services to circumvent a security measure, access control system, or other control or measure (including limits on the number of tickets a person can purchase) that is used to ensure an equitable ticket buying process for event attendees. (Bus. & Prof. Code § 22502.5.)
- 11) Deems a violation of the chapter of the Business and Professions Code containing the provisions above to be a misdemeanor. (Bus. & Prof. Code § 22505.)
- 12) Requires a ticket seller to have a permanent business address from which tickets may only be sold and that the address be included in any advertisement or solicitation. Makes a violation of this requirement a misdemeanor punishable by imprisonment or a fine not exceeding \$2,500 or by both, and provides for civil penalties of up to \$2,500 for violations. (Bus. & Prof. Code § 22500.)

COMMENTS:

1) Author's statement. According to the author:

Secondary market resellers frequently deceive fans by listing and selling tickets to events that do not currently exist, or that they do not have a license to sell. This process is known as speculative ticketing. Fans buy these tickets, often for a predatory mark up. This practice is inherently anti-consumer and directly counter to the wishes of creatives and artists who seek to provide their fan base with a world-class show at an affordable price.

AB 1349 will prohibit speculative ticketing by requiring ticket sellers to own, possess, or have the contractual right to sell tickets before listing them. This will protect the integrity of the ticket buying process for consumers, and ensure that the hard work of artists and creatives is not unjustly used to gouge their core fan base.

2) **Background**. Gone are the days of camping out overnight in line at a box office hoping to get tickets to a Van Halen, Madonna, or Michael Jackson concert or to one of your favorite team's games. In that pre-internet era, if overnight camping was not an option, a person could try calling the box office over and over, hoping to break through the busy signal to get an actual person who can sell tickets over the phone if the tickets have not sold out already. If those efforts failed, a fan could listen to their favorite radio station for hours at a time hoping to score free tickets through a call-in giveaway contest. Finally, if nothing else worked and the day of the concert or game arrived, they could take the chance of going to the venue in the hopes of finding a scalper standing in the parking lot, or near the entrance to the venue, holding up a couple of tickets for sale at a premium cash price. Of course, this last-ditch effort meant that fans ran the risk of being ripped off by a scalper selling fake tickets. But diehard fans often considered it a chance worth taking.

3) **Buying tickets online.** While some things remain unchanged for the music and sports fan, technology and the internet have profoundly changed the experience of ticket buying. The live entertainment ticket ecosystem is now simultaneously much more complicated and much more convenient. Now, in theory, when tickets go on sale for a concert or a game, fans go to the online ticket platform that is selling those tickets (often Ticketmaster) to purchase them and then have them delivered electronically. However, the reality is more complicated, depending how the consumer enters the online marketplace.

Today, the ticket market is broken down into on-sale primary vendors—comprised of venues and online primary ticket platforms—and the secondary (or resale) market, which is made up of ticket brokers and resale marketplace platforms, such as StubHub, SeatGeek, and Vivid Seats. Adding to the confusion, there is significant crossover between the two markets. For example, Ticketmaster operates a resale platform and SeatGeek operates as both a primary and secondary platform. When multiple secondary platforms and the on-sale primary vendor are all competing for ticket buyers, it can be very difficult for consumers to know where to buy tickets or even whether or not they are getting an actual ticket.

The primary market. The primary market is one in which event organizers control the ticket price, the sharing of the revenue between the artist, venue operator, and ticket company, and the decision as to which platform will sell the tickets. The prices set in the primary market heavily affect the volume and value of tickets in the secondary market. In general, it is most common to find underpriced tickets—tickets that sell on the primary market with a face value that is below their market value—so that event organizers can maximize the attendance of their target

audience in order to increase customer loyalty, and merchandise sales.² To complicate ticket selling in the primary market, some artists have been known to hold back a portion of tickets to sell on the resale market in order to take advantage of the higher prices while still maintaining fan loyalty by offering the initial tickets at a low price.³

The secondary market. The secondary market is where tickets purchased on the primary market are resold. Ticket prices are usually significantly higher when purchased from someone in the secondary market. A study conducted by the National Independent Talent Organizations (NITO) analyzed data from 65 different shows around the country in 2023 where artists represented by NITO members performed. According to their findings, on average, ticket buyers were charged twice as much when buying tickets in the secondary market.⁴ Secondary market platforms not only serve as a way for professional ticket brokers (i.e. businesses that purchase event tickets solely for the purpose of reselling them for a profit) to sell tickets, they also play an important role by providing consumers who can no longer use their tickets a relatively simple way of recouping their money and perhaps making a profit by reselling them to someone else.

The platforms, for a fee, provide the infrastructure and technology that make up the marketplace for brokers and individuals to resell their tickets. Professional ticket brokers either enter into agreements with sports teams and promoters to have access to tickets for resale or they compete with consumers in the primary marketplace to purchase tickets that they intend to resell at a profit on the platforms. Generally speaking, these secondary market platforms, such as StubHub, Vivid Seats, TickPick, SeatGeek, and the secondary platforms run by Ticketmaster and their main competitor AXS, are similar to eBay (the former parent company for StubHub) or Etsy. This means that individual entities, who are generally not associated with the platform, are the ones selling the merchandise – tickets, in this case.

4) **Speculative ticket sales.** A speculative ticket refers to instances in which a seller offers a ticket for sale on a secondary ticket exchange before the seller actually has the ticket. In some cases, secondary sellers may not disclose the fact that they are selling speculative tickets. These practices harm consumers who either do not receive the tickets they purchased or receive tickets that differ from the ticket or seat advertised. Even if consumers receive refunds for the ticket price, they may have already incurred nonrefundable costs to attend the event, such as travel or hotel expenses.⁵

For over a decade, secondary resale markets have allowed the sale of tickets that sellers do not actually possess. Specifically, speculative ticket sales work as follows, according to the Center for Investigative Reporting:

Brokers advertise inventory – sometimes a specific seat, sometimes a seating area – on a resale site, often at a price significantly higher than face value. When a customer selects tickets and checks out, [the site] prompts the broker to then attempt to acquire those tickets elsewhere at a lower price. If the broker can get them for cheaper, they will buy them, pocket the difference and pay the

⁴ NITO Ticket Resale Study. National Independent Talent Organization (Jul. 2023).

² The Event Ticketing Industry is Broken and in Need of Disruption, Aventus Network (May 19, 2017).

³ Tyler Jenke, "Ed Sheeran's manager has admitted to selling tickets to resale services," *The Music Network* (Jun 3, 2018) *available at* <u>https://themusicnetwork.com/ed-sheeran-manager-sold-tickets-resale/</u>.

marketplace a commission. If they can't, the broker will either have to make good on the initial offer and take a loss or renege on the sale.⁶

Ticket brokers often refer to this practice as the equivalent of agreeing to stand in line for someone at the box office. They will buy tickets when they go on sale, so that the consumer does not have to wait in front of their computer, constantly refreshing their web browser. However, the consumer is often not aware that they are buying a ticket that the seller does not possess, nor do they realize they are paying a premium price, significantly above the face value, for a ticket that they may or may not receive.

This practice creates considerable confusion for consumers who cannot purchase tickets from the primary box office because they have not gone on sale yet, but are able to purchase tickets for a premium price on the secondary market. As a recent example, before the tickets for Chris Brown's upcoming concert were officially on sale, they were advertised for sale on a number of secondary platforms. VividSeats advertised that only three percent of the tickets remained available and those were being advertised for sale at well over \$1,000, with floor seats being offered for about \$3,000. For those most expensive seats, the post on VividSeats claimed that they had one ticket left in each of the four floor sections. As another example, before Tom Odell's upcoming concert tickets went on sale, StubHub was offering tickets for sale.⁷ These were all speculative tickets.

In a particularly egregious example, earlier this month, for an upcoming Mumford and Sons concert, VividSeats listed tickets for sale for over \$64,000 days before the official on-sale of tickets and before any presale tickets had been made available.



⁶ Duncan, Byard. "How is this Legal?" *The Center for Investigative Reporting*, March 8, 2021, *available at* <u>https://revealnews.org/article/how-is-this-legal/</u>.

⁷ Examples provided by the author.

These examples are not unique. This is a standard practice in the secondary ticketing market and it creates considerable confusion for consumers who cannot purchase tickets from the primary box office because they have not gone on sale yet, but are able to purchase tickets for a premium price on the secondary market. Usually, when looking to buy tickets to an event online the first three or four sites at the top of the results are for secondary ticket platforms. Unless a consumer understands that a resale marketplace exists for tickets and that they are often selling tickets that the seller does not actually possess, they would not realize that they needed to search further down to find the primary ticket seller. As a result, they often end up paying far more than they need to for the ticket.

5) **How is the ticket buying experience different in other countries?** It is in large part due to Taylor Swift, arguably the most popular musical artist in history, that the cost of live entertainment tickets and the difficulties in the market continue to be top of mind for lawmakers and journalists. Originally, Swifties were outraged in November 2022 when millions flocked to Ticketmaster.com to grab tickets to see her perform for the first time since 2018 and the website crashed. The long wait lines and frozen screens sparked an uproar with fans blaming Ticketmaster for ruining their chances to see the pop star. While the initial anger reportedly stemmed from the Ticketmaster platform being unable to handle that volume of activity, the larger, on-going outrage stems from consumers discovering that tickets are instantly sold out, but within minutes are offered on secondary resale marketplaces for thousands of dollars. According to the *Los Angeles Times*, the face value of the tickets for Swift's concert at SoFi Stadium ranged from \$49 to \$449. However, tickets on StubHub were quickly being sold for around \$800 up to \$11,000.⁸

Billboard reported:

Prices to see [Taylor] Swift at one of her final nine shows in the United States have increased following the release of the album April 19, with the average get-in-the-door price — the lowest price available — hovering around \$2,600 per ticket, according to data from TicketIQ. That means it would cost a couple more than \$5,000 just to be in the same building as Swift in Miami . . , New Orleans . . . and Indianapolis . . . this fall.

In Europe, however . . . tickets cost only a fraction of that. Right now, the get-in-the door price to see the opening of the European leg of the Eras Tour is \$340 a ticket — 87% cheaper than the average price in the United States. . . . That means a fan in Miami could fly to Paris for about \$900 a person . . . spend two nights at a four-star hotel at \$250 a night and purchase a \$340 concert ticket for a grand total of \$1,740 — which is still \$760 less than the cheapest tickets currently available for her Miami shows.

Tickets to see Swift in Stockholm . . . are even cheaper, at \$312 for the cheapest tickets, while tickets for her show in Portugal . . . start at \$336 and in Spain . . . start at \$324.9

⁸ Fox, Emma. "\$11,000 to see Taylor Swift? How concert tickets got so expensive," *The Los Angeles Times* (July 27, 2023) <u>https://www.latimes.com/entertainment-arts/story/2023-07-27/explaining-the-complicated-world-of-ticketing</u>.

⁹ Brooks, Dave. "Why Are Taylor Swift Eras Tour Tickets So Much Cheaper in Europe?" *Billboard* (May 2, 2024) <u>https://www.billboard.com/business/touring/taylor-swift-eras-tour-tickets-cheaper-europe-1235671760/</u>.

European countries. A number of European countries either cap the amount that a ticket can be resold for or prohibit reselling tickets altogether. In 2021, for example, Ireland passed the Sales of Tickets Act regulating the secondary market and outlawing the reselling of tickets above their face value for certain events held in venues with a capacity over 1,000 people. Similarly, in Denmark, Italy, Norway, Poland, and Portugal, it is illegal to resell tickets for anything above the face value. Belgium and France ban the resale of tickets altogether.¹⁰ Earlier this year the UK government announced that it plans to cap the price of resale tickets and is considering caps between the face value of the ticket and 30 percent over the face value.¹¹

The European Union. Last year, the European Union took its first coordinated action against ViaGogo, the parent company for StubHub. The European Commission required that the secondary ticket marketplace take the following actions:

- Inform consumers on the ticket selection page whether the seller of a ticket is being sold by a reseller or not.
- Substantially reduce the number of countdown messages that appear when making a purchase.
- Allow consumers to choose an exact seat number on their ticket rather than only choosing a section, where possible.¹²

The European Commission has also adopted regulations to rein in the secondary market. For example, online marketplaces are required to obtain essential information about third party professional sellers, such as name, contact details and ID, before traders can list tickets for sale on the platform. They are also required to ensure that the seller's name contact and trading details appear on the listing. In addition, resale platforms are required to make it clear throughout the buying process that the tickets listed are provided by a third party.¹³

6) **Recent Presidential Executive Order.** On March 31, the President signed an executive order related to live entertainment ticketing and vowed to "end price gouging by middlemen in the entertainment industry."¹⁴ The order states:

America's live concert and entertainment industry is the envy of the world. But it has become blighted by unscrupulous middlemen who sit at the intersection between artists and fans and impose egregious fees while providing minimal value. Ticket scalpers use bots and other unfair means to acquire large quantities of face-value tickets and then re-sell them at an enormous markup on the secondary market, price-gouging consumers and depriving fans of the opportunity to see their favorite artists without incurring extraordinary expenses. By some reports, fans have paid as much as 70 times face value to obtain a ticket. When this

¹² European Commission's Fact Sheet on ViaGogo's Commitments (May 16, 2024) <u>https://commission.europa.eu/document/702073f5-01ee-4087-b822-6efbc8c24ce5_en</u>

¹⁰ <u>https://maketicketsfair.org/laws-in-your-country/</u>

¹¹ Chi Chi Izundu. "Price of resale tickets to be capped under plans to tackle touts," *BBC News* (Jan. 10, 2025) <u>https://www.bbc.com/news/articles/cdx9x8v8p04o</u>

¹³ "EU Online Ticket Resellers Regulation Comes Into Force," *Festival Insights* (Feb. 17, 2024) <u>https://www.festivalinsights.com/2024/02/eu-online-ticket-resellers-regulation-force/</u>

¹⁴ Presidential Executive Order Fact Sheet <u>https://www.whitehouse.gov/fact-sheets/2025/03/fact-sheet-president-donald-j-trump-will-end-price-gouging-by-middlemen-in-the-entertainment-industry/</u>

occurs, the artists do not receive any profit. All profits go solely to the scalper and the ticketing agency.¹⁵

In the executive order, the President directed the Federal Trade Commission to:

- Work with the Attorney General to ensure that competition laws are appropriately enforced in the concert and entertainment industry.
- Enforce the Better Online Ticket Sales (BOTS) Act and promote its enforcement by state consumer protection authorities.
- Ensure price transparency at all stages of the ticket-purchase process, including the secondary ticketing market.
- Evaluate and, if appropriate, take enforcement action to prevent unfair, deceptive, and anti-competitive conduct in the secondary ticketing market.¹⁶

7) **Live Nation/Ticketmaster anti-trust lawsuit.** The United States Department of Justice (DOJ) and 30 state and district attorneys general filed an anti-trust lawsuit against Live Nation Entertainment on May 23, 2024. In the suit, the US government asks the courts to break up Live Nation, or at the very least separate Ticketmaster from the conglomerate. The US DOJ accuses Live Nation of leveraging its power in the entertainment industry to dominate the industry by locking venues into exclusive ticketing contracts, pressuring artists to use its services and threatening its rivals with financial retribution.

California Attorney General, Rob Bonta, joined the suit. According to the Attorney General's office:

The lawsuit alleges Live Nation violated Sections 1 and 2 of the Sherman Antitrust Act, which prohibits anticompetitive agreements, monopolization, and attempted monopolization. Monopolization offenses occur when a single firm maintains a monopoly unlawfully, by using its control of the market to exclude rivals and harm competition. In addition, the complaint alleges violation of California's Unfair Competition Law.

The complaint filed today alleges that Live Nation protects its monopoly by using both exclusive contracts with promoters and venues to protect its dominant position in the live music industry to force artists and venues to use both its ticketing and concert promotion services. Live Nation uses their market dominance to leverage its power over all other aspects of the live music entertainment industry: from artist management, to ticketing, and promotions. For example, Live Nation has used their dominance in promotions to force venues to use Ticketmaster's ticketing services, thereby blocking innovation and unfairly competing with competitors in the music concert business.

In the lawsuit, Attorney General Bonta, U.S. DOJ, and coalition states allege that Live Nation has:

¹⁵ Presidential Executive Order: Combating Unfair Practices in the Live Entertainment Market (Mar. 31, 2025) <u>https://www.whitehouse.gov/presidential-actions/2025/03/combating-unfair-practices-in-the-live-entertainment-market/</u>

¹⁶ Presidential Executive Order Fact Sheet

- *Harmed fans through higher fees.* Fans' ticketing experience from buying a ticket to showtime is also worse than it would be if the industry was competitive.
- *Maintained its monopoly in ticketing markets* by locking up venues through restrictive long-term, exclusive agreements and threats that venues will lose access to Live Nation-controlled tours and artists if they sign with a rival ticketer.
- *Leveraged its extensive network* of venues to force artists to select Live Nation as a promoter instead of its rivals, maintaining its promotions monopoly.¹⁷

Since the initial filing, a total of 40 States Attorneys General have signed onto the lawsuit. According to the judge assigned to the case, the trial could begin as early as March 2026.¹⁸ In addition, earlier this month a California federal judge denied a motion from Live Nation to dismiss the antitrust case.¹⁹

8) What this bill would do. This bill includes the following significant changes to current entertainment ticket law:

Prohibits speculative tickets sales. The bill would end speculative ticket sales, except in instances where a ticket seller has a contract with the event presenter or venue operator to sell the ticket. Specifically, the bill:

- Requires that an original ticket seller or a ticket reseller, before listing, marketing, or selling a ticket must own, possess, or have the contractual right to sell the ticket.
- Requires an original seller or a ticket reseller, at the time of listing or marketing, and before selling, disclose to the purchaser the specific seat within the venue that the purchaser is entitled to occupy, including the section, row, and seat number represented by each ticket.
- Exempts flexible series tickets that allow consumers to commit to a number of events in advance, while choosing the specific performances at a later date.
- Exempts season tickets that are purchased as a package and are not individually priced.
- Requires a ticket marketplace, before accepting a listing to market or sell a ticket, to require that the person listing the ticket own, possess, or have a contractual right to sell the ticket, and be able to deliver the ticket to the buyer. By allowing the ticket to be listed for resale, the marketplace is confirming that the ticket is being sold in compliance with all applicable state laws.

¹⁷ California Department of Justice. *Attorney General Bonta Files Lawsuit Against Live Nation, Ticketmaster* (May 23, 2024) <u>https://oag.ca.gov/news/press-releases/attorney-general-bonta-files-lawsuit-against-live-nation-ticketmaster</u>.

¹⁸ Brooks, Dave. "Judge in Live Nation Antitrust Case Indicates Possible Start Date for Blockbuster Trial," *Billboard* (Jun. 28. 2024) <u>https://www.billboard.com/pro/live-nation-antitrust-case-judge-possible-trial-start-date/</u>,

¹⁹ Craig Clough. Live Nation, Ticketmaster Can't Nix Consumer Antitrust Suit, Law 360 (Apr. 11, 2025).

• Requires a ticket marketplace, on its internet website in each ticket listing, to disclose to the purchaser, by means of a description or a map, the location within the venue that the ticket will entitle the purchaser to occupy, including the section, row, and seat number represented by each ticket.

Prohibits deceptive marketing practices. The bill prohibits using a box office website that looks substantially similar to the venue or primary seller's website in order to direct sales to the resale market. Specifically, the bill prohibits the use of the following:

- A trademarked or copyrighted URL, title, designation, image, mark, or other symbol without the written consent of the trademark or copyright holder.
- Any combination of text, images, web designs, or internet addresses that is substantially similar to the internet website of an event presenter or original seller, or any of their authorized agents, without the written consent of the event presenter or original seller.
- Representing that a live entertainment event is sold out or use the term "sold out" when tickets are still available from the original seller.

Restricts ticket purchases from the primary box office. The bill declares it unlawful for a person to do any of the following in order to circumvent restrictions on primary sale tickets:

- Purchase tickets in excess of posted limits for an online event ticket sale.
- Circumvent or disable an electronic queue, waiting period, presale code, or other sales volume limitation system associated with an online event ticket sale.
- Circumvent or disable a security measure, access control system, or other control or measure that is used to facilitate authorized entry into an event.
- Purchase tickets in violation of the posted terms and conditions event presenter or venue operator.
- Utilize multiple Internet Protocol addresses, multiple purchaser accounts, or multiple email addresses to purchase tickets in excess of posted ticket limits.

Requires disclosures. The bill requires ticket resellers and ticket resale marketplaces to disclose that a ticket is a resale ticket that may be offered at a price that is more than the price of the original tickets. It also requires the disclosure of the face price of the original ticket.

Increases penalties. The bill increases the current fine of \$2,500 to a fine of up to \$10,000 for each ticket that is sold or offered for sale in violation of the chapter.

- Action may be brought by:
 - 1. The Attorney General.
 - 2. A district attorney.
 - 3. A city attorney.

- 4. A county council of a county.
- 5. A city prosecutor in a city.
- In addition to the fines, an original seller, a ticket reseller, or a ticket resale marketplace that violates the sections of this bill related to speculative tickets, deceptive marketing, or prohibited purchasing practices is civilly liable to the consumer for two times the contracted price of the ticket, in addition to any sum expended by the consumer in nonrefundable expenses for attending.

9) **Amendments.** The author has agreed to the following amendments requested by California Arts Advocates:

22502. (a) An original ticket seller or a ticket reseller, before listing, marketing, or selling a ticket, shall own, possess, or have the contractual agreement with the event presenter or venue operator to sell the ticket.

(b) An original seller or a ticket reseller, at the time of listing or marketing of, and before selling, a ticket, shall disclose to the consumer, by means of a description or a map, the location within the entertainment venue that the ticket will permit the consumer to occupy, including the section, row, and seat number represented by each ticket, and the face price printed or displayed on the ticket that they are listing for resale, unless that ticket is designated as "standing room only" or not otherwise associated with occupying a particular location within a venue.

(c) Subdivision (b) shall not apply to either of the following:

(1) Flexible series ticketing options that allow attendees to commit to a number of performances in advance, while choosing the specific performances at a later date.

(2) Season tickets that are purchased as a package and are not individually priced.

(3) Special fundraising events presented by nonprofit venue operators and event presenters.

22507. (a)(1) The ticket price of an event that is canceled shall be fully refunded to the consumer by the person who sold or facilitated the sale of the ticket to the consumer, whether an original seller, event presenter, ticket reseller, or ticket resale marketplace, within 30 calendar days of the cancellation.

(2) Non-profit event presenters and non-profit venue operators shall provide the consumer with the choice of a full refund for the ticket price of an event that is canceled or at least one of the following options:

A) Provide a gift certificate of equivalent value of the canceled ticket,

(B) Exchange the tickets for a different event where the new ticket is of equal or higher value,

(C) Allow the consumer to donate the value of the ticket at the time of purchase to the non-profit event presenter or non-profit venue operator.

ARGUMENTS IN SUPPORT: The Future of Music writes in support:

We've all heard the ways that ticketing is a dysfunctional mess. Unfortunately, a core reason that problems have persisted is that policy debates have been dominated by large companies like Ticketmaster and Stubhub. When these giants fight, the interest of workers, small businesses, and fans can end up getting trampled.

For 25 years, Future of Music Coalition has worked to ensure artists have an independent voice on policies that impact them. In our view, good policies align the interests of artists and fans; no one cares more than artists about ensuring that fans have positive experiences because our careers and livelihoods depend on it. Today, as one of the artist organizations that has been most aggressively critical of Live Nation's monopoly, we're proud to support AB 1349, and we're hopeful that we can offer some clarity.

It's helpful to think of the effort to "fix ticketing" as consisting of two distinct "buckets," which add up to a complementary and holistic public policy approach.

The first bucket is about structural competition issues and the harms that follow from consolidated ownership. This includes the factors that DOJ is seeking to address in its antitrust lawsuit against Ticketmaster/Live Nation, and the factors that led UK regulators to require divestments when secondary sellers ViaGogo and Stubhub merged in 2021.

The second bucket is market regulation, which is concerned with rules of the road that apply to every firm; it's a means of addressing potentially harmful practices and behavioral concerns by anyone in the field. AB1349 is about this piece.

In our view, both pieces of the puzzle are crucially important. Strong antitrust enforcement ideally a successful Justice Department lawsuit that leads to structural separation of Live Nation's different lines of business—has to be accompanied by clear bright line market regulation for primary and secondary markets, banning fake tickets and deceptive URLs and giving artists, venues, and nonprofits tools to protect their fans and patrons.

It makes sense that while DOJ is focused on a breakup lawsuit, legislative approaches at both state and federal levels can focus on addressing that second "market regulation" bucket— which DOJ can't do. Antitrust enforcement and good state-level legislation like California's AB 1349 go hand in hand. Either effort on its own would be insufficient to address the range of problems, but together, they add up to sound policy that protects fans, workers, small businesses, and diverse creative expression.

Achieving good outcomes for workers and fans sometimes requires strange bedfellows politics. Some of the confusion around ticketing policy is a result of different coalitions forming around the different elements of the problem.

Furthermore, because Ticketmaster and the resale industry each have virtually unlimited resources at their disposal, policymakers must actively seek out the views of impacted artists and venues, booking agents, managers, promoters, arts nonprofits, and fans to be able to see a more complex picture.

Artists broadly agree with Live Nation that brokers, bots, and secondary platforms create serious problems and need to be regulated. We are therefore aligned on some narrow issues

like banning speculative tickets, defining a ticket as a license, banning deceptive URLs, and strengthening enforcement of purchase limits.

To understand this alignment, it may be helpful to know that these views are shared by nearly all Live Nation competitors in the venue/promoter markets as well as Ticketmaster's competitors in the primary ticketing market (including companies like AEG, Dice, Eventbrite, Tixr, etc.). All of these firms have experienced their own struggles with brokers and above face-value resale platforms.

At the same time, bad behavior by other firms doesn't justify Live Nation's own bad behavior. The fact that other firms engaging in industrial scale resale harm artists, venues, nonprofits and fans is not a defense against Live Nation's anticompetitive practices and illegal behavior as alleged in the Justice Department's lawsuit.

Additionally, Live Nation's criticism of predatory resale is somewhat hypocritical in light of its participation in the market as the third biggest reseller of tickets. Ticketmaster could voluntarily exit the resale-above-face-value marketplace as it has chosen to do in the UK. It could also cease resale of third-party tickets for independent venues' events where it is not the original primary seller. That has not happened, presumably because these are especially profitable activities.



Future of Music further argues:

While some like Diana Moss of PPI make blanket claims that "intervening in resale ticket markets would serve only to preserve and reinforce [Live Nation's] monopoly power," some of our nation's toughest antitrust enforcers clearly don't agree.

Last year, the states of Maryland and Minnesota both passed strong new ticketing laws governing primary and secondary sales, with the support of their Attorneys General, Anthony Brown and Keith Ellison. Brown and Ellison are prominent anti-monopolists, and are among the 40 AGs who have joined the DOJ antitrust lawsuit against Live Nation3. They clearly see no conflict between these approaches.

This month, DC Attorney General Brian Schwalb similarly endorsed proposed legislation but forward by councilman Charles Allen that mirrors many elements of AB1349, including a ban on speculative tickets and deceptive URL provisions. Schwalb's office is similarly helping lead the Live Nation antitrust suit, and has also separately sued Stubhub over consumer protection violations.

Related to the oppositions' assertion that secondary marketplaces provide competition for Ticketmaster, they note:

Above-face-value resale sites don't really compete with Live Nation (or any other primary seller) in ways that serve the public good. Rather, brokers "compete" with fans for inventory, using whatever technology is available to them to acquire tickets before real fans get a chance, hoping that those real fans are forced to buy on the resale market. And resale platforms compete using their massive advertising budgets and various deceptive practices to reach fans online ahead of the actual venue in search results and sell the same tickets at much higher prices, even if they're available. This is competition, but not the good pro-social kind that serious progressive anti-monopolists would seek to defend; arguably, some of these practices fit the definition of unfair methods of competition and/or deceptive practices. In any case it's extractive competition that simply degrades the live events experience, and siphons wealth away from communities to investors—largely private equity companies who've wrought havoc in the rest of the economy.

Concerning the claim that the secondary market saves consumers money and lowers the price of tickets:

First, it's worth understanding if a consumer is paying less than the face price on a ticket, it's a product of a broker losing money via miscalculation—they erroneously thought they could resell for more than they paid, but misjudged the demand. If brokers collectively saved consumers more money than they charge in markups, they'd go out of business, of course. So while it is true that deals can sometimes be found when brokers screw up, it isn't the case that consumers on balance save money as a result of the resale industry.

Secondly, it's worth interrogating the specific data that reseller advocates offer in support of their claims of lower prices. Often, supporting data is not disclosed. . . . Typically, they tally the tickets sold below face value and offer a number they claim represents total savings. But they don't include in this count the many tickets sold above face value. In other words, they count tickets where fans spend less, but not the tickets where fans spend more, and then

present this as if it represents net savings. (Reseller-backed groups including Sports Fans Coalition have offered similar shoddy arguments and dubious methodology.)

ARGUMENTS IN OPPOSITION: In opposition to the bill, StubHub argues:

StubHub believes that a competitive, transparent, and secure ticket marketplace unequivocally supports fans. We advocate for comprehensive regulation that addresses the ticket buying experience holistically and caution against regulation that may have the unintended consequence of emboldening entrenched entities with significant market power in our industry.

As introduced, rather than truly addressing consumer concerns, AB 1349 seeks to restrict competition by protecting monopolies in a market already defined by anti-competitive behavior, and in doing so, harms the very Californian consumers it claims to protect.

AB 1349 Puts Industry, Not Consumers First. The sale of speculative tickets has been regulated in California since 2008. However, under the guise of "ending" speculative ticket sales, AB 1349 includes anti-competitive provisions designed to favor event presenters (i.e. LNE) and their agents (i.e. original ticket sellers or TM) and provide the tools necessary to retaliate against consumers who choose to purchase on competitor's platforms.

Sec 6. 22502 (b) and Sec. 8 22502.1 (b) require resellers and ticket marketplaces to disclose identifiable information, specifically seat location, without protecting consumers for making the disclosure. This requirement not only favors original ticket sellers who operate resale marketplaces (i.e. Ticketmaster) because of their automated access to the data from the original sale, it also puts resellers who sell on competitors' platforms at risk of retaliation by event organizers as this information can be used to identify them. It is critical that the disclosure of identifiable information, like seat location, be coupled with protections against penalty or retaliation for resellers.

Sec. 11 22502.3 (b) prohibits anyone from selling a ticket, even when they have the rights to that ticket, prior to the ticket being made available for sale on the internet to the public by the event presenter. This provision, designed by rights holders, aims to block competition by prohibiting resale by actual ticket holders before the public on-sale and has nothing to do with speculative sales which are otherwise banned in AB 1349. The restriction limits consumer choice and market competition, favoring entrenched players. Notably, the ban can be waived with rights holder approval, raising questions about whether it protects consumers or simply reinforces control. In a market already rife with anti-competitive behavior, this gives more power to dominant players, like Ticketmaster which controls both primary sales and is a major player in secondary sales as well.

AB 1349 Memorializes Event Presenter & Original Ticket Seller's "Right to Restrict" Consumer Choice. By unnecessarily defining a ticket as license, Sec 15. 22503 (k) endorses an event presenter's (i.e. LNE) ability to unilaterally set, impose, and enforce terms and conditions on ticket sales, ticket pricing, the transfer or resale of tickets sold, as well as the technologies used to sell or transfer tickets. This effectively endorses anticompetitive terms and conditions and restrictive technologies that limit consumer choice and further engrains a monopoly that is alleged by the DOJ and Attorney General Bonta to use anti-competitive tactics to disadvantage artists, venues, consumers, and competitors. *AB 1349 Creates Discriminatory Trademark Requirements.* Sec. 18 22505.2 of AB 1349 includes discriminatory trademark requirements that prohibit the use identifying graphics or a URL if they are 'substantially similar' to an event presenter's website. This vague and ambiguous standard is ripe for abuse by ticket sellers who are seeking to eliminate legitimate competitors from the marketplace. For example, a competitor may argue that a seat map is an identifying graphic and attempt to prohibit any non-affiliated entity from properly informing consumers about the seat location of a ticket being offered for sale. Furthermore, the use of deceptive URLs is already prohibited in California under Section 17252 of the Business and Professions Code.

In addition to California's existing statute, several states – including Colorado, Maryland, Michigan, Minnesota, Nevada, New Jersey, New York, Tennessee, Texas, and Utah – have prohibited the use of deceptive websites or URLs. Aligning AB 1349 with best practices from other states can ensure bad actors are prohibited from participating in the marketplaces while protecting fair competition. For example, Colorado enacted a law in 2024 prohibiting deceptive websites with consensus from multiple stakeholders, including consumer groups, small and large venues, professional sports teams, and ticket sellers and resale marketplaces.

AB 1349 Abuses Prohibitions on "Bots" for Competitive Gain. StubHub unequivocally supports legislation prohibiting the use of bots to unfairly procure tickets and calls for the strong enforcement of existing laws such as California's existing statute, Section 22505.5 of the Business and Professions Code, and the federal BOTS Act. Yet, instead of identifying legislative solutions to address the lack of enforcement of these existing statutes, Sec. 19 22505.5 (c) & (d) attempt to go well beyond prohibiting automated software to unfairly procure tickets. Subsections (c) and (d) seek to codify an event presenter's ability to unilaterally set the terms and conditions and introduces the undefined concept of "authorized entry." This could empower LNE to further demonstrate anti-competitive behavior, potentially canceling tickets sold by competitors. AB 1349 should instead focus on enforcing existing bots laws by encouraging collaboration between those breached by bots – event presenters and original ticket sellers – and those who enforce the law.

AB 1349 Requires Arbitrary "Face Value" or "Face Price" Disclosures. Sec. 22 22508 requires arbitrary "face value" or "face price" disclosures. Regulatory models built around "face value" are challenging given how little meaning can be applied to the concept of "face value" in today's ticket marketplace. While "face value" used to be a static price, original ticket sellers are now regularly using dynamic or market-based pricing for primary ticket sales. This means that the "face value" or purchase price of tickets fluctuates relative to demand. Like airline tickets, this may result in two tickets next to each other being sold at varying prices by the original seller. Requiring "face value" disclosures by ticket resellers and ticket resale marketplaces gives undue significance to a value that is perpetually in flux. Like the seat disclosure requirements, this requirement favors original ticket sellers who operate resale marketplaces (i.e. Ticketmaster) because of their automated access to the data from the original sale, putting competitors at a disadvantage.

In addition, Seat Geek and TickPick note:

When resale marketplaces are not allowed to compete for fans' business – as they effectively would be by this proposed legislation – the market loses an important price discovery mechanism, including when resale prices fall below face value, a regular occurrence that

venues and promoters are often eager to hide from ticket purchasers. Consumers have grown accustomed to accessing tickets in the manner and at the time of their choosing, such as shortly before or the same day of a show of game, which is often when demand declines and lower-priced tickets proliferate.

By sanctifying into law the event providers' dictated terms and conditions with respect to resale, AB 1349 unfortunately will place limits not just on ticket resale platforms but also on the many California consumers who use these marketplaces every day. Consumers will foot the bill in the form of inconvenience, lack of choice, lack of control over tickets they purchased, and an overall worse purchasing experience. For this reason, states as diverse as New York, Colorado, Illinois, Connecticut, Virginia and Utah have enacted laws providing more protections for consumers to resell tickets on their platform of choice.

REGISTERED SUPPORT / OPPOSITION:

Support

Cafe Colonial Cafe Du Nord/Swedish American Hall Future of Music Coalition Hall of Fame Harlow's Hollywood Pantages Hopmonk Presents Live Nation Entertainment, INC. Music Artists Coalition The Historic Bakersfield Fox Theater and the Nile Theater This916

Opposition

3 Individuals CA League of United Latin American Citizens (LULAC) California Black Chamber of Commerce Central Valley Latino Mayors and Elected Officials Coalition Central Valley Yemen Society Coalition for Ticket Fairness Consumer Federation of California Hispanic 100 Latin Business Association Multicultural Business Alliance National Action Network - Sacramento Chapter Seatgeek Si Se Puede Fresno, Tulare, Kings & Kern Stubhub, INC. Tickpick

Oppose Unless Amended

Chamber of Progress

Analysis Prepared by: Julie Salley / P. & C.P. / (916) 319-2200