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Chairman Hiese, Vice Chair Graves and members of the House Criminal Justice Committee, thank you for giving me the opportunity to speak today in support of House Bill 5108.

My name is Michael Shpunt and I am here today as research director of Michigan Citizen Action, a founding member organization of the Michigan Ticket Fairness Coalition. The coalition is made up of consumer advocacy organizations, nonprofits, small businesses and more than 1,300 fans across the state.

First and foremost, I would like to reiterate the reason we are all here. We are talking about a dated law that hurts consumers and the free market alike. And there is no evidence that this bill would hurt artists or venues, or their ability to provide profitable entertainment to the public.

Some in the industry claim that artists will not come to Michigan anymore if this bill is passed. If that were true, those same artists must also be avoiding Minnesota, Ohio and the dozens of other states that have removed caps on resale in recent years.

**We urge you to support this bill.** Michigan citizens want – and deserve – the same rights afforded to them in other states: to sell their own tickets without fear of arrest. HB 5108 will ensure that consumers selling tickets in person have the same rights as those who sell tickets on the internet.

I have a packet that includes 44 pages of signatures - 1,360 people - who have signed a change.org petition both in support of this bill and of the idea that when you buy a ticket, it's yours. I would be happy to share this packet with the committee.

**What is "fair value?" At minimum, it is the cost of the ticket, plus any taxes and fees paid.**

When fans buy tickets online -- as most do -- there are usually fees associated with that purchase, which are not reflected in the face value price. The problem is, under

current Michigan law, anyone wishing to resell their ticket must take a loss on these fees because they can only receive face value in exchange for their ticket.

I will now describe a recent purchase of Red Wings tickets by a Michigan Citizen Action supporter, which illustrates the problem. If you would like to follow along, please refer to the screenshot provided to you along with my written testimony.

Two Red Wings tickets were purchased on the official NHL Ticket Exchange. These tickets were listed on the exchange for \$40 each. Upon purchasing the tickets, an additional \$10 service charge and \$4.95 shipping and handling fee were added for a total cost of \$94.95.

Once the ticket purchase was processed, the buyer received an email that allowed him to *download* the tickets -- that's right, download the tickets even though there is a *shipping charge*, which is an issue for another day. Once the tickets were downloaded, this person found out that the face value listed on the ticket was only \$27.00.

So, if these were my tickets and I wanted to resell them to one of you right now, the most I could get for them without breaking state law would be \$54.00 -- a \$40 loss. Instead of protecting consumers, Michigan's current law is robbing them. Situations like this are the reason the vast majority of states have abandoned ticket laws that cap ticket resale prices.

**In addition to bringing fairness to the secondary ticket market, House Bill 5108 would stop criminalizing normal consumer behavior.**

Professor Mark Perry, an economist from U of M Flint, weighed in on this issue in the Detroit News on November 25 of last year.

He put it best, saying that the current law infringes on "a basic economic right — the right as buyers and sellers to engage in voluntary market transactions without unnecessary interference from the government."

If the intent of the current law is to cap prices at face value, we believe many consumers are unaware of this prohibition. One only has to visit Craigslist, StubHub, Seat Geek or Ebay. These electronic transactions are not prosecuted, yet a fan trying to sell their tickets in-person for cost (face value plus fees paid) risks being arrested.

**House Bill 5108 would bring ticket resale out of the shadows.**

By opening up Michigan to a growing secondary ticket market, House Bill 5108 offers consumers choice and allows them to negotiate fair transactions through respected secondary sellers that offer consumers redress if they are unhappy with the business.

Websites like TicketsNow, TicketExchange and StubHub will all refund fans who unknowingly buy fraudulent tickets. House Bill 5108 would give consumers who buy and sell tickets face-to-face similar protections because they will also be conducting legal transactions.

**And finally, House Bill 5108 would stop wasting law enforcement resources on enforcing an outdated law.**

The current ticket resale law is routinely ignored, as evidenced by the thousands of fans who actively and voluntarily buy and sell tickets every day on the secondary market through websites and person-to-person. Michigan law enforcement officers have far more important things to worry about than consumers engaging in voluntary transactions that hurt no one.

In closing I would like to reiterate the fact that Michigan's current ticket resale law needs to be repealed. The current law ignores normal consumer behavior, blocks fans from recouping the full costs of their purchase and forces sales into the shadows where there are zero consumer protections. I urge you to vote yes on HB 5108 and report the bill to the full House floor.

Thank you.





# Order Confirmation for Detroit Red Wings on 3/14/2014 Fri

1 message

**ticketexchangesupport@email-ticketexchange.com** <ticketexchangesupport@email-ticketexchange.com>

Mon, Dec 16, 2013 at 1:45 PM

To:



THE TICKET EXCHANGE  
**ticketmaster**

## Order Confirmation

12/16/2013

Dear

Thank you for shopping with us. Your order for Detroit Red Wings tickets is now confirmed.

We have processed your payment and the charge will appear on your billing statement as TicketsNowTicketmaster. All sales are final.

We will send you a Delivery Update email with the date your tickets will be ready to print. This email will contain a copy of your invoice.

Please keep this email as it contains your Invoice ID number.

If you have any questions regarding this order, please contact our Customer Care team at [nhlticketexchange@Ticketmaster.com](mailto:nhlticketexchange@Ticketmaster.com), or by phone at 1-877-578-3592. Customer Care is available 8 am to 9 p.m. Monday - Friday; 8 am to 5:30 pm Saturday; and 9 am to 5:30 pm Sunday, Central Time. You can [click here](#) to view your order history.

### Order Details

Invoice ID	
Event	Detroit Red Wings
Venue	Joe Louis Arena
Production Notes	
Date	3/14/2014 Fri 7:30 PM
Section	218B
Row	
Seats	
Ship Date	12/19/2013
Quantity	2 @ \$40.00
Merchandise	\$80.00
Discount	\$0.00
Gift Certificate	\$0.00
Service Charge	\$10.00

**Shipping** \$4.95  
**Tax** \$0.00  
**Order Total** \$94.95  
**Invoice Notes**



**Payment Information**

**Method** American Express  
**Number** [REDACTED]  
**Amount** 94.95

**Billing Information**

**Name** [REDACTED]  
**Address** [REDACTED]  
**City** [REDACTED]  
**State** MI  
**Zip** [REDACTED]

**Shipping Information**

**Name** [REDACTED]  
**Address** [REDACTED]  
**City** [REDACTED]  
**State** MI  
**Zip** [REDACTED]  
**Shipping Method** Ticketmaster® Verified - Electronic Delivery

**Contact Information**

**Email** [REDACTED]  
**Daytime Phone** [REDACTED]  
**Evening Phone** [REDACTED]

NHL Ticket Exchange 7060 Hollywood Blvd Los Angeles, CA 90028 USA

Review our [privacy policy](#)





# ★ MICHIGAN TICKET FAIRNESS ★

**House Bill 5108 would eliminate the unnecessary regulations and restrictions placed on the price of entertainment and sports tickets in Michigan. Michigan Ticket Fairness Coalition members support HB 5108 as the first of what we hope are several steps toward making Michigan a more fair and transparent place to have a good time.**

- ★ **HB 5108 gives fans the right to resell their tickets to other fans at any price they choose.** If two people are willingly engaging in a transaction, the government should not have any reason to involve itself in the price.
- ★ **HB 5108 protects consumers.** It would bring scalping out of the shadows and street corners, offering fans the protection of existing anti-fraud and deceptive practices laws because the ticket buyer and seller would now be engaging in a legal transaction.
- ★ **HB 5108 would allow fans to recoup their full cost when selling their tickets.** Whenever you buy a sports or concert ticket there are always "convenience fees" and other service charges that aren't included on the face price of a ticket. If you sell extra Red Wings tickets, you can't include those extra costs in the total price without violating state law.
- ★ **HB 5108 brings Michigan in line with the majority of the country.** Michigan is one of few states that cap the resale price of tickets which makes the regulation of ticket prices more stringent than cars, home loans and even firearms. Illinois, Minnesota, Connecticut, Pennsylvania, Florida and North Carolina have all recently deregulated the secondary ticket. Michigan should join them.

## **WHO WE ARE:**

Michigan Ticket Fairness is a broad coalition of consumers, businesses, property rights and free market advocates, and nonprofit organizations fighting for fair and honest policies in the sports and entertainment industry.

## **WHAT WE BELIEVE:**

We believe fans own the tickets they buy, can transfer them to whomever they wish, whenever they wish and should be able to purchase their tickets in a fair and transparent market.





KEEPING YOU CONNECTED

## **Editorial: Ticket scalpers - time to lift ban on secondary market**

January 20, 2014

Michigan is one of a handful of states in which it is illegal to sell an event ticket above face value, although you wouldn't know that judging by the secondary market for tickets outside the venue gates and online that make a joke of the law. It's time that Michigan get real and repeal this outdated statute.

Rep. Tim Kelly, R-Saginaw, has introduced a bill that would lift Michigan's 83-year-old ban on people "scalping" or reselling tickets to sporting and entertainment events. House Bill 5018 is before the House Criminal Justice Committee, which is expected to take more testimony next week.

Opponents to the bill include venue owners and marketers and some artists, notably Kid Rock, who wrote a column for the Detroit Free Press last week calling on lawmakers to protect consumers.

"Lawmakers look at this bill thinking that it will be good for the free market and that one less law means smaller government," Rock wrote. "All this bill does is take away the one measly law that venues have to protect artists and fans from scalpers who want to get rich off the backs of the working man."

Rock and other opponents say beneficiaries of the bill will be the "secondary ticket market" or scalpers who buy up all the tickets and sell them at inflated prices, the majority of those sales occurring on digital sites owned by companies such as Stubhub and TicketLiquidator.

Tracey Lauwie, director of marketing for Miller Auditorium in Kalamazoo, raises similar concerns.

"Repealing the law would give us one less tool to protect our fans and control the environment they're coming to," Lauwie told The Detroit News.

Protecting the interests of consumers is indeed the objective of any statute governing the resale of event tickets, but we don't see how the current law does that.

Opponents of the law, particularly the venues that sell the tickets, liken tickets to a license rather than personal property, subject to restrictions on its use – in some cases prohibiting the purchaser from even giving the ticket to a friend or family member without prior authorization.

We don't buy it.

Nor are we convinced by claims that removing the restrictions on the resale of tickets will inflate prices beyond the reach of most consumers. Given that the majority of states already allow scalping, one might expect a large body of evidence of so deleterious an outcome. That hasn't materialized.

If anything, we would expect that legitimizing secondary market sales of tickets allow for greater transparency for consumers and guard against fraudulent sales.

We have no illusions about the cutthroat nature of ticket sales and would be receptive to regulation that protects consumers from abuses, but the current law punishes consumers unlucky enough to get caught selling an unused ticket to a willing buyer. That's just not right.

People or companies who buy tickets should have the right to resell them. If they make a profit, good for them. If they lose money, that's a risk they took. Either way, it's nobody else's business, certainly not the state's business.



## Michigan ticket laws need to be modernized (guest column)

January 13, 2014

*Dan Horning*

Did you know that it is illegal in Michigan to sell tickets above face value in person, even though it is done regularly online? After 83 years, it's time Michigan put the antiquated, prohibition-era ticket resale laws to rest.

First passed in 1931, the current law puts a price cap on ticket resales at the value printed on the face of the ticket, regardless of the fees paid by the original ticket holder. Under this law, if you want to sell a ticket to the next Wings game, you are legally required to throw away up to 20 percent of your original costs because those "fees" are not included on the face.

Setting a fair price should be up to the buyer and seller, which is what House Bill 5108 aims to do. This bill would introduce free market principles to the secondary ticket market, legalizing the basic right of ticket sellers to negotiate fair prices with willing buyers, and free up much needed police resources for stopping real crime.

In a free, competitive market, the price of a good is the price at which someone will pay for it. Imagine if these ticket resale restrictions were applied to homes, cars and other consumer goods. Normal economic behavior would come to a standstill and otherwise ethical behavior would attract criminal elements.

As a citizen and former University of Michigan Regent, and co-chair of the newly formed Michigan Ticket Fairness, a coalition of consumer groups, business, free market advocates and fans, I have studied this issue and have yet to find the major public nuisance the current law is meant to solve. Although some goods have laws restricting resale, few if any go so far as to place an artificial price cap on resale. Does it make sense to regulate Taylor Swift tickets more than other highly regulated goods such firearms, explosives and prescription drugs?

The majority of states have eliminated similar ticket resale legislation, including Minnesota and Colorado. Should Michigan join in abandoning its outdated ticket laws, legislators would be opening up opportunities for new businesses to serve the secondary ticket market and further grow jobs in the state.

Cleaning the books of antiquated laws is a bipartisan issue. Repealing the ticket resale law is a common sense reform that will legalize normal behavior, free up needed law enforcement resources, bring fairness to the secondary ticket market and allow entrepreneurs to create new businesses in entertainment and tourism. This is a slam dunk for Michigan, and I hope to see the governor signing HB 5108 by this summer.

*Dan Horning, University of Michigan Regent Emeritus, is co-chair of Michigan Ticket Fairness. More information about Michigan Ticket Fairness is available at [MichiganTicketFairness.org](http://MichiganTicketFairness.org).*

## Opinion: Good economics: Repeal state ticket law

November 25, 2013

*Mark J. Perry*

The active secondary ticket market for concerts and sporting events — sometimes derogatorily referred to as “ticket scalping” — has generated an unfair reputation as a market for hustlers looking to make a quick buck by gouging fans with excessive ticket prices.

In reality, there is nothing troublesome, problematic or shady about two willing individuals agreeing to a price for a product and engaging in a completely voluntary transaction — that’s the basis of a market economy and describes what happens millions of times every day when Americans buy and sell homes, cars and stocks, or bid for baseball cards, old coins, or clothes on eBay.

When a fan agrees to purchase a ticket to a concert or sporting event that might sometimes be above the ticket’s face value, how can that be a crime when the buyer has voluntarily, and quite willingly, made a market-based exchange?

Unfortunately, Michigan is one of only a few states that make it illegal for two individuals to voluntarily exchange tickets when the agreed-upon price is above face value. The ticket scalping law is routinely ignored, as evidenced by the thousands of fans who actively and voluntarily buy and sell tickets every day on the secondary market through websites like Craigslist, Stub Hub, Seat Geek and eBay.

However, Michigan’s outdated ticket law has stifled the growth of local businesses that would gladly compete against out-of-state and national ticket resellers.

Fortunately, proposed legislation in the Michigan House (Bill 5108) seeks to overturn the arcane ticket law and would allow natural market forces to set ticket prices on the secondary market. To deny a free-market system built around capturing the best price possible for goods or services would be, well, completely un-American. And it’s an affront to what we all recognize as a basic economic right — the right as buyers and sellers to engage in voluntary market transactions without unnecessary interference from the government.

If Beyonce is performing at the Fox Theater or the Tigers are in the MLB playoffs, — events that are in high demand because they promise plenty of memorable moments — Michigan ticket owners should be allowed to buy and sell their tickets at prices that are market determined and mutually agreeable, and not regulated by government price controls.

The House bill would bring Michigan in line with the rest of the country and create a fair and open secondary ticket market. Thirty-five other states have already repealed laws that restrict ticket resales.

It's a basic economic fact that tickets are sometimes exchanged at face value, and in other cases buyers and sellers voluntarily agree to prices that are either above or below face value. In all of those cases, market forces establish the ticket's true value and it is past time that buyers and sellers in Michigan are allowed to legally engage in voluntary ticket transactions, and in a forum where consumers have ample choices and are afforded basic protections.

Whether it's buying or selling a car, house, an old baseball card or a rare coin, we're always trying to get the best deal possible in a transaction, and those voluntary exchanges are the very foundation of a market economy. It's time to put needless ticket resale restrictions aside, end the victimless crime of "ticket scalping" and stop wasting law enforcement resources on an outdated regulation.

*Mark J. Perry is a professor of economics at the Flint campus of the University of Michigan and a resident scholar at the American Enterprise Institute.*