

Honolulu, Hawaii
February 27, 2014

RE: H.B. No. 2012
H.D. 2

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 2012, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CONSUMER PROTECTION,"

begs leave to report as follows:

The purpose of this measure is to protect consumers in ticket sale transactions by making it an unfair and deceptive practice in the conduct of trade or commerce to:

- (1) Sell or offer to sell event tickets for more than the face value of the tickets, plus taxes and reasonable service charges; or
- (2) Use computer software to circumvent online ticket purchase safeguards to purchase tickets for the purpose of ticket scalping.

The National Consumers League and an individual testified in support of this measure. The Office of Consumer Protection of the Department of Commerce and Consumer Affairs testified in support of the intent of this measure.

Your Committee has amended this measure by:

- (1) Adding a purpose section to specify the intent of this measure;



- (2) Specifying that an allowable reasonable charge for services actually rendered and directly relating to the cost of selling or offering to sell the ticket shall not exceed four hundred percent of the price printed on the ticket;
- (3) Providing an exemption for primary ticket sellers, sale through an internet website under certain conditions, and ticket sales for events taking place outside of the State;
- (4) Changing the effective date to July 1, 2112, to encourage further discussion; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committee has carefully reviewed the circumstances behind the recent Bruno Mars concert controversy and sympathizes with residents in the State over their inability to obtain tickets for the concert. As your Committee researched this issue, it became aware of attempts by a number of jurisdictions to deal with issues surrounding the resale of tickets and that practice's effect on the non-availability or limitation on availability of tickets for local concert-goers. Your Committee believes that ticket sale by certified resellers is good for the public as it provides certain consumer protections regarding the validity and authenticity of the tickets. While the venue does not control the price of the tickets, the consumers know that the ticket is genuine. Your Committee is concerned that if such legitimate resellers are eliminated the darker result will be the continued but unregulated sale of inauthentic tickets and the consequent controversy at the gate when patrons arrive. Thus, your Committee believes there needs to be a balance between having tickets available for local sale and preserving the legitimate resale of tickets.

Your Committee is also cognizant of the tension between local sales and Hawaii's tourism industry. Similar to local fans, mainland fans may also want to buy tickets to attend a concert in Hawaii. Since tourism plays a substantial role in our economy, the State must also weigh any regulation which would act as a disincentive for persons to travel from Asia or the mainland to Hawaii to attend a concert. Restricting ticket sales totally to Hawaii purchasers may inadvertently send the wrong message to entertainers and tourists alike that they are not welcome in



Hawaii. Your Committee does not believe state regulations should articulate or allude to such an intent. Your Committee also believes that restricting sales totally to Hawaii residents may not be pertinent in all cases, such as for entertainers with a regional fan base outside of the State whose fan club wants to hold an event in Hawaii but cannot buy event tickets until after a pointless period of exclusive availability to Hawaii residents. The result could be entertainers avoidance of Hawaii in favor of other venues that don't place such restrictions.

Finally, your Committee believes the real issue influencing the dearth of ticket availability involves the use and retention of tickets by primary sellers, promoters, entertainers, fan clubs, credit card companies, and venues. Your Committee has not had enough time to investigate the number of tickets reserved and taken out of the open market by these entities. Thus, efforts to this point on this measure should be seen as a work in progress.

Your Committee believes, however, that the use of internet bots should be prohibited and that unscrupulous conduct should be barred regardless of the ultimate cause of or regulatory means employed to avoid the unavailability of tickets to the local market.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2012, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2012, H.D. 2, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



ANGUS L.K. MCKELVEY, Chair



