

Date of Hearing: April 12, 2021

ASSEMBLY COMMITTEE ON ARTS, ENTERTAINMENT, SPORTS, TOURISM, AND  
INTERNET MEDIA

Sharon Quirk-Silva, Chair

AB 1556 (Friedman) – As Amended April 5, 2021

**SUBJECT:** Ticket sellers.

**SUMMARY:** Would add a disclosure requirement prior to sale, advising purchasers when tickets are non-transferrable and require event ticket refunds be made within 30 days of an event cancellation. Specifically, **this bill:**

- 1) Provides that a ticket seller shall, prior to sale, disclose to the purchaser both of the following:
  - a. The location of the seat or seats represented by the ticket or tickets by means of a description or a map.
  - b. Whether the ticket or tickets are non-transferrable to a third party.
- 2) Requires that the ticket price of any event which is canceled shall be fully refunded to the purchaser by the ticket seller within 30 calendar days of the cancellation.
- 3) Further requires the ticket price of any event which is postponed or rescheduled shall be fully refunded to the purchaser by the ticket seller upon request.

**EXISTING LAW:**

- 1) Regulates ticket sellers (defined as any person who for compensation, commission, or otherwise sells admission tickets to sporting, musical, theatre, or any other entertainment event) including establishing requirements for records of sales and disclosures of seat location, and establishing penalties for violating requirements and prohibitions on certain ticket selling practices. (Business and Professions Code (BPC) § 22500 et. seq.)
- 2) States that a ticket seller shall, 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. (BPC § 22502)
- 3) Requires the ticket price of any event which is canceled, postponed, or rescheduled shall be fully refunded to the purchaser by the ticket seller upon request. (BPC § 22507)

**FISCAL EFFECT:** Unknown. This bill has been keyed as fiscal by the Legislative Counsel.

**COMMENTS:**

- 1) *Author and supporter's statement of need for legislation.* Consumer Federation of California states in their support, "Over the past year, the COVID-19 pandemic has resulted in a staggering number of cancellations for live events as the world economy went into freefall and the music, arts, entertainment and sporting worlds went largely dark. These mass cancellations led to large numbers of people demanding refunds. Many ticket sellers

attempted to offer substitute performances, or even quietly removed refund guarantees from their customer agreements, in an attempt to avoid refunding customers and hold onto those revenues for as long as possible. Some ticket sellers also refused to give refunds because certain events were not cancelled but instead were “postponed”, often indefinitely. The net result of this was that millions of consumers were suddenly struggling to make ends meet and were unable to access refunds that were rightly theirs.”

According to the author, California law currently states that a ticket buyer may request a refund when an event is canceled. However, current law does not state when a customer should receive their money back from the ticket seller. In addition, the burden should not be on the customer to request their money back for a cancelled event. AB 1556 will ensure that ticket buyers will receive refunds within 30 days of cancellation without being asked to make a request first. AB 1556 also makes another improvement to the law governing the sale of tickets. It requires notification to the ticket buyer before sale that a ticket is non-transferrable to a third party. When purchasing a ticket, a buyer may not be aware that entry to an event by someone other than the original ticket buyer is prohibited. This limits the ability of the ticket buyer to resell the ticket or give it away to someone else to use if they can no longer attend the event.”

- 2) *Background: Covid-19, Black Keys and ticket buyers.* Background information provided by the author included the following. “The COVID-19 pandemic has resulted in a massive number of unforeseen cancellations of live events. In March 2020 when the pandemic hit, Billboard magazine estimated that consumers spent nearly \$3.5 billion on tickets in the U.S. for concerts and festivals scheduled for the summer of 2020. These mass cancellations of events led to numerous problems for ticket buyers and ticket sellers. Customers seeking refunds of previously paid fees for cancelled events put liquidity strains on the offering businesses.

“While ticket sellers attempted to offer substitute performances instead of refunds in response to closures, they were met with mixed customer responses. Many customers are also facing financial burdens due to the COVID-19 crisis and would prefer to receive refunds instead of substitutions, particularly for services whose policies explicitly included the possibility of a refund when a ticket was purchased. Some companies, facing the unprecedented strain of having to refund thousands of tickets at once, quietly amended their customer agreements retroactively to remove the refund guarantees in favor of substitute performance.”

Under another aspect of the Ticket Seller’s Act addressed in AB 1556, sellers must disclose whether one may sell or even give a ticket away. This issue came to light in September 2019, when “hundreds of people who bought tickets from usually reliable third-party vendors, such as StubHub, SeatGeek and Vivid Seats, were turned away at the door from a Black Keys concert at the Wiltern in Los Angeles. At the event they were told that the Black Keys were not accepting tickets from third-party vendors. While Ticketmaster and the Black Keys stated that they disclosed upfront that tickets were non-transferable, ticketnew.com reported that it could not find any such disclosure on Live Nation’s website, the Black Keys’ fan club website, and received copies of actual order confirmations from buyers who purchased tickets to the show.”

- 3) *Recent amendments taken to address most industry concerns: Consumer choice is restored for refunds of postponed or rescheduled events.* This bill was recently amended to its current language based upon the author's conversations with ticket industry representatives. Specifically, Ticketmaster, Live Nation and AXS Group each requested changes which would allow ticket sellers to comply with a request for refund upon a performance being postponed or rescheduled, rather than have a system where the refund was automatic. As their joint letter states, "When events are postponed or rescheduled, fans' tickets are automatically valid for the new date; the fan does not need take any action to ensure they can still attend the show. In our experience, the vast majority of fans typically still want to attend the event, are glad to hold on to their tickets, and do not want a refund. Issuing refunds unless fans do not want one would be backward – it would place the burden on the fan to reach out to the ticket seller to request to keep their tickets, undermining strong consumer preferences." According to a joint letter from Ticketmaster, Live Nation and AXS Group, they took no issue with the 30 day refund window saying, "It is standard industry practice for primary tickets sellers like us to automatically refund fans for cancelled events well within 30 days. Further, state law already requires refunds for postponed and rescheduled events upon request."

The Ambassador Theatre Group, operators of live theater in San Francisco, have a different view, writing the Committee to say, "Ticketing fulfillment (including exchanges and refunds) involve multiple parties. For example, ticket sellers rely on merchant banking services, and sometime outsourced customer service agents, to effect changes to ticket purchases. Requiring ticket sellers to effect a full refund within 30 days of event cancellation holds a ticket seller responsible to a timeframe over which it does not have full control.... We ask that you amend the bill to only require the originating ticket seller to *initiate* the refund process within 30 days of event cancellation."

- 4) *Continuing concern: Is a substitution a cancellation or postponement?* The Ambassador Theatre Group, who have an opposed unless amended position, also request clarification that theaters maintain the ability to substitute shows within a season package without automatically triggering the "cancellation refund" of AB 1556. The example offered is when a package of five touring live musical shows is bundled into a "season" which is sold to season ticket members and after the tickets are sold, but prior to the performance, one of the touring companies either stops touring or must cancel their stop in the seller's city, and another production is inserted into their place. Their experience is that many would be just as happy to see Guys and Dolls as would be to see a production of Oklahoma, and so the season ticket holders for the substitute package offered would maintain their season tickets, with the option to seek a refund if they were set on only Guys and Dolls. As The Ambassador Theatre Group states, "we believe that the replacement is more akin to a postponement than a cancelation. Likewise, we ask that when a performance of one production is canceled that ticket sellers be allowed to offer ticket buyers the option of being moved into another performance of the same production. Precluding these types of replacement options are not in the best interests of ticket buyers, many of which wait a long time to see a show or make travel arrangements around being able to see a show during their travel period."

The automatic refund for cancellations in AB 1556 is different from that in existing law, which states, "The ticket price of any event which is canceled, postponed, or rescheduled shall be fully refunded to the purchaser by the ticket seller *upon request*." (Emphasis added).

- 5) *Double-referral.* Should this bill pass out of this committee, it will be re-referred to the Assembly Committee on Privacy and Consumer Protection.
- 6) *Prior related legislation.* AB 1032 (Quirk) Chapter 105, Statutes of 2019, clarified existing prohibitions under the Ticket Sellers Act are to benefit ticket buyers who are intended “event attendees,” as defined, and expands prohibited conduct to include the use or sale of services to circumvent security measures, access control systems or other control or measures, as specified.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

Consumer Federation of California

**Opposition**

The Ambassador Theatre Group

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