

Legislative Analysis



EVENT ONLINE TICKET SALES ACT

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5661 (H-1) as reported from committee
Sponsor: Rep. Mike McFall

Analysis available at
<http://www.legislature.mi.gov>

House Bill 5662 (H-1) as reported from committee
Sponsor: Rep. Graham Filler

Committee: Regulatory Reform
Complete to 6-20-24

SUMMARY:

House Bill 5661 would create a new act, the Event Online Ticket Sales Act, which would prohibit a person (an individual or any other legal entity) from doing any of the following when purchasing a *ticket* for an *entertainment event*:

- Purchasing a number of tickets for an entertainment event in excess of the *ticket limit by means including, but not limited to*, using multiple internet protocol (IP) addresses, purchaser accounts, or email addresses.
- Circumventing or disabling an electronic queue, waiting period, presale code, or other sales volume limitation system associated with an online ticket sale.
- Circumventing or disabling a security measure, access control system, or other control or measure that is used to validate that a ticket is not fraudulent.
- Creating or using a *bot* to do any of the above.

Ticket would mean a physical, electronic, or other form of a certificate, voucher, document, token, or other evidence indicating that the person entitled to possession through purchase or otherwise has a right to enter a place for an entertainment event at the date and time specified on the ticket.

Entertainment event would mean a concert, theatrical performance, sporting event, exhibition, show, or similar scheduled activity held in Michigan that meets all of the following:

- Is open to the public.
- Is held in a public or private venue.
- Charges an admission fee to attend.

Ticket limit would mean the posted limit stating the number of tickets a person may purchase for a specific entertainment event during an online ticket sale.

Bot would mean an automated software application programmed to perform automatic and repetitive tasks and designed to impersonate or replicate human activity online.

House Bill 5662 would create a new act to prescribe sanctions for violating the Event Online Ticket Sales Act (HB 5661) and allow the attorney general to investigate claims of violations.

Specifically, a person that violates the other act would be subject to a civil fine of up to \$5,000 for each ticket acquired in violation of the other act, which would be deposited into the general fund.

The attorney general could bring a civil action to restrain or enjoin a person found to be in the process of violating the other act from continuing the violation, or to prevent a person whose violation is found to be imminent from committing a violation. In addition, if a person has violated the other act, a civil action could be brought for appropriate relief, including injunctive relief, or to collect the civil fine described above and recover restitution.

A person that violates a court order or injunction to enforce the other act would also be subject to a civil fine of up to \$5,000.

Finally, the court could allow the attorney general to recover reasonable costs and attorney fees incurred in an action resulting in the imposition of a civil fine under the bill.

The bills are tie-barred together and would not take effect unless both are enacted.

BRIEF DISCUSSION:

According to committee testimony, while the use of bots to purchase tickets is already illegal on the federal level, the bill is intended to give Michigan and the Department of Attorney General more tools to address an issue that has become pervasive in the industry.¹ Supporters of the bill argued that it may also boost tourism to Michigan for certain events by ensuring that consumers will be able to access tickets without paying exorbitant prices on the secondary market.

FISCAL IMPACT:

House Bills 5661 and 5662 would result in marginal revenue increases from deposits to the state general fund from the collection of civil fines, of up to \$5,000 per ticket, from violations of HB 5661. Actual revenue would depend on the number of violations, level of enforcement, and per-ticket fine imposed on violators. The bills would have no fiscal impact on the Department of Attorney General related to investigating and prosecuting violators.

POSITIONS:

Representatives of the following entities testified in support of the bills (6-11-24):

- Department of Attorney General
- StubHub

Legislative Analyst: Alex Stegbauer
Fiscal Analysts: Robin Risko
Michael Clossen

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.

¹ <https://www.ftc.gov/legal-library/browse/statutes/better-online-ticket-sales-act>