

SF2003 - 1A - Ticket Sale Disclosures Required

Chief Author: **Matt Klein**
 Committee: **Commerce And Consumer Protection**
 Date Completed: **2/25/2024 10:23:33 PM**
 Lead Agency: **Commerce Dept**
 Other Agencies:
 Attorney General

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.
 Reductions shown in the parentheses.

State Cost (Savings)		Biennium			Biennium	
Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
Attorney General						
General Fund		-	-	13	13	13
State Total						
General Fund		-	-	13	13	13
Total		-	-	13	13	13
Biennial Total				13		26

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2023	FY2024	FY2025	FY2026	FY2027
Attorney General						
General Fund		-	-	-	-	-
Total		-	-	-	-	-

Lead LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Karl Palm **Date:** 2/25/2024 10:23:33 PM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium		Biennium	
Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
Attorney General					
General Fund	-	-	13	13	13
Total	-	-	13	13	13
Biennial Total			13		26
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Attorney General					
General Fund	-	-	38	38	38
Total	-	-	38	38	38
Biennial Total			38		76
2 - Revenues, Transfers In*					
Attorney General					
General Fund	-	-	25	25	25
Total	-	-	25	25	25
Biennial Total			25		50

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 Committee: **Commerce And Consumer Protection**
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 Agency: **Commerce Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.
 Reductions shown in the parentheses.

State Cost (Savings)		Biennium			Biennium	
Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
Total		-	-	-	-	-
Biennial Total				-		-

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2023	FY2024	FY2025	FY2026	FY2027
Total		-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Karl Palm **Date:** 2/21/2024 10:54:48 AM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
	Total	-	-	-	-	-
	Biennial Total			-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
	Total	-	-	-	-	-
	Biennial Total			-		-
2 - Revenues, Transfers In*						
	Total	-	-	-	-	-
	Biennial Total			-		-

Bill Description

Senate File 2003-1A creates an obligation for ticket resellers to provide certain disclosures to consumers and also creates a list of prohibitions when conducting business as a ticket reseller.

Assumptions

There is no current enforcement authority in the bill draft for Commerce. Even though that is true, Commerce assumes that there may be an interest in Commerce enforcing these provisions. Commerce also assumes that complaints pursuant to this chapter will ebb and flow based on the tickets that go on sale for shows in Minnesota. During these times, Commerce will have to adjust our workloads to accommodate the uptick in phone calls/complaints.

Expenditure and/or Revenue Formula

N/A

Long-Term Fiscal Considerations

No foreseen long term fiscal considerations. The department will have to reassess if there is an influx of complaints that could not be managed with current Enforcement Division staffing levels.

Local Fiscal Impact**References/Sources****Agency Contact:**

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SF2003 - 1A - Ticket Sale Disclosures Required

Chief Author: **Matt Klein**
 Committee: **Commerce And Consumer Protection**
 Date Completed: **2/25/2024 10:23:33 PM**
 Agency: **Attorney General**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.
 Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Dollars in Thousands					
General Fund	-	-	13	13	13
Total	-	-	13	13	13
Biennial Total			13		26

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Susan Nelson **Date:** 2/24/2024 9:42:31 PM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

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State Cost (Savings) = 1-2		Biennium			Biennium
Dollars in Thousands		FY2023	FY2024	FY2025	FY2026
					FY2027
General Fund	-	-	13	13	13
Total	-	-	13	13	13
Biennial Total			13		26
1 - Expenditures, Absorbed Costs*, Transfers Out*					
General Fund	-	-	38	38	38
Total	-	-	38	38	38
Biennial Total			38		76
2 - Revenues, Transfers In*					
General Fund	-	-	25	25	25
Total	-	-	25	25	25
Biennial Total			25		50

Bill Description

SF2003-1A is a bill aimed at increasing transparency and fairness in event ticket sales, especially in the secondary market. It requires any ticket seller to disclose the total cost of a ticket, including all fees, before the ticket is selected for purchase. It further forbids ticket resellers from appearing to be primary ticket sellers and contains several prohibitions on activities related to speculating on event tickets.

Section 8.31 directs the AGO to investigate “unlawful practices in business, commerce, or trade,” which would include the conduct prohibited by this bill. Subdivision 5 of the bill authorizes the Commerce Commissioner to collect data and share it with the AGO.

Assumptions

The AGO assumes it will need to expend resources for 1) monitoring compliance (50 investigator hours) with the bill's newly enacted prohibitions and 2) initiating investigations and potentially enforcement actions pursuant to section 8.31, as it identifies suspected violations (200 attorney hours) each fiscal year.

Civil penalties (\$25,000 for each violation, per section 8.31 subd. 3) collected from violators would be deposited into the general fund.

The Attorney General's Office estimates that it will expend 200 hours of attorney time and 50 hours of legal assistant (investigator/other staff) time per fiscal year.

The AGO estimates that the practice of purchasing event tickets for the purpose of resale at a markup (as opposed to the purpose of attending the event) is widespread. This practice includes ticket brokers' use of automated programs (“bots”), false identities, and industry relationships to form an advantage over ticket buyers who simply want to attend the event. The AGO believes that this practice is lucrative and that ticket resellers number in the thousands. Live Nation (Ticketmaster's parent company) reported in its most recent 10-K filing that \$4.5 billion worth of tickets were resold on its platform (see reference). As a result, a significant number of tickets are not made available to the general public in the first instance, and consumers purchase them at prices far above face value.

The AGO estimates that after enactment of the bill and for the foreseeable future, its investigators will expend approximately 50 hours each fiscal year monitoring compliance with the bill and identifying potential violations of the bill. Subsequently, the AGO will seek to gain compliance with the bill's requirements and initiate investigations into violations. The AGO estimates that at least one matter will progress to a formal investigation and/or litigation that attorneys in its consumer protection section will expend at least 200 hours on investigation and litigation each fiscal year. Based on past hours expended in other consumer protection enforcement actions brought by the AGO, to the extent investigations for violations of the bill proceed to litigation, 200 attorney hours each fiscal year is likely a measured estimate of hours that will actually be expended.

The AGO can recover attorney's fees and costs of investigation if successful in proving violations of the bill, as well as civil penalties of up to \$25,000 per violation. See Minn. Stat. section 8.31, subds. 3, 3a. Recoveries for civil penalties must be deposited in the general fund pursuant to section 16A.151. Recognizing the uncertainties inherent in any litigation, and the uncertainties of predicting the fiscal year of recovery of such funds (which necessarily is at the end of litigation), the AGO assumes that recovery of fees and civil penalties will begin in FY25, and therefore does not project revenue in FY24. Starting in FY25, the AGO assumes it will bring and successfully litigate or settle at least one case each fiscal year that will provide revenue to the State, in addition to addressing the violation. The AGO estimates in each case it will, at a minimum, recover its costs and fees and civil penalties in the amount of \$25,000. Thus, revenue of \$25,000 per year is projected started in FY25.

In any given enforcement action the AGO successfully brings, it can recover in addition to attorney's fees and civil penalties of up to \$25,000 per violation (i.e., each time a violation of HF1989 occurs). See, e.g., Minn. Stat. 645.24 ("When a penalty or forfeiture is provided for the violation of a law, such penalty or forfeiture shall be construed to be for each such violation.") Thus, for example, in any single enforcement action, which would likely involve multiple violations, an award of civil penalties alone could greatly exceed \$25,000. Thus, while the AGO typically obtains substantial civil penalties where allowed by law; for purposes of preparing this fiscal note, the revenue projections are measured.

Expenditure and/or Revenue Formula

AGO Expenditures:

	Hourly Billing Rate	Hours	Total Cost to AGO
Attorney, Consumer/Wage/ Antitrust Division	\$163	200	32,600
Legal assistant, [Investigator/other non-attorney staff]	\$103	50	5,150
<i>Other</i>	0	0	0
Total	N/A	250	37,750

Revenue received:

	Total Amount received	To General Fund	To Other:	To AGO
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<i>e.g., litigation recovery</i>	\$25,000	\$25,000	0	0
Total	\$25,000	\$25,000	0	0

Long-Term Fiscal Considerations

The AGO assumes that 50 investigator hours and 200 attorney hours will be expended each fiscal year in monitoring compliance with the bill as well as investigating and litigating violations of the bill on an ongoing basis, into the foreseeable future.

Local Fiscal Impact

n/a

References/Sources

Live Nation Entertainment, Inc., Form 10-K, p. 31 (Feb. 23, 2023), available at <https://investors.livenationentertainment.com/sec-filings/annual-reports>.

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