



July 16, 2018

Mr. Justin Dews
Associate Counsel
Office of the Governor, Phil D. Murphy

Dear Mr. Dews,

On behalf of Protect Ticket Rights, an initiative launched in 2016 to advocate at the state and federal levels for a fair and open market for ticket sales that is free of onerous restrictions that result in less choice and higher prices for consumers, I am writing to encourage Governor Murphy to veto A.4259. This bill, that restructures the state's ticket sales laws, was introduced in the Assembly on June 25th and adopted by both houses on July 1st. While this legislation purports to improve ticket sales in New Jersey, in practice it will do the opposite. That is why it was hidden from the public and crammed into the late hours of the Legislature while budget negotiations were commanding attention. It is not how good public policy should be created. Considering the negative impact it will have on consumers by giving a few powerful players in the market more power and control, it should be vetoed.

A.4259 was written and driven by a small group of primary market companies (the primary market being where tickets are initially sourced) who want lawmakers to believe the state is struggling to attract shows. In truth, the bill will only vest more monopolistic powers into the hands of already powerful companies that have no trouble in attracting shows to venues in the state. Indeed, the very law that this bill repeals has been in place for 17 years, during which time venues have thrived when talent tours through the state. The live events market is strong in New Jersey and, as such, it has always been and remains today, a premier market to book during a tour. Talent wants to visit New Jersey, and tour schedules for the last 17 years are evidence of this fact.

Had normal order been applied to this secretive legislation, these and other issues would have been discussed. But because the committee review process was intentionally circumvented, public notice and comment never happened. This total lack of transparency around A.4259 speaks volumes to its nefarious, true intent.

Ticket holdbacks by primary market companies are among the most negative of practices as it relates to ticket sales. The New York State Office of Attorney General investigated this practice recently and found that in other states, oftentimes, nearly half of a venue's tickets are never offered when tickets go on sale. From the very start and at the moment tickets are released for sale, this report found that consumers are misled when an arbitrarily small supply of tickets is put on sale to meet a large demand. And as supply and demand economics work, the primary issuer of tickets, by creating the illusion of

scarcity, is capable of distorting the market and charging fans more than necessary. And while these same companies are quick to point to software bots and ticket resellers as the problem, the reality is many of these companies either sell their held-back tickets on secondary resale market platforms that they own or partner with, or they trickle the tickets on to the market slowly in such a way to keep consumer demand high enough to support arbitrarily high prices. This is a shameful practice. For 17 years New Jersey has been a leader because of its law limiting holdbacks to five percent of the inventory. Putting all else aside for the moment, A.4259 repeals this critically important consumer protection law. For this reason alone, Governor Murphy should veto the bill.

If the Legislature and the Office of the Governor truly desire to work on ticket sales reform, there are provisions we recommend. First, as other state laws require, when tickets go on sale consumers should always be offered a transferable, unrestricted ticket option. It is unfair once consumers pay full price and all fees that the issuer retains abilities to control what the consumer does with his or her ticket. Plans can change, and ticket resale is entirely lawful, and if a ticketholder needs to sell his or her ticket on a ticket exchange, this right should not be impeded in any way. Just last year, other states (Connecticut and Virginia) passed anti-discrimination ticket resale laws, making it illegal for venues to discriminate against a ticketholder who purchased or sold a ticket on a secondary resale market platform of their choosing, on their own terms. Perhaps New Jersey should follow.

Transparency should be another central tenet of any ticket sales reform. Primary issuers should be required by law to disclose and confirm that indeed no more than the permitted five percent of tickets is held back. Consumers should have the confidence that in fact when tickets go on sale publicly, that the remaining 95 percent of the venue's tickets are indeed for sale. Such transparency would go a long way at holding primary issuers more accountable, thus protecting consumers and the broader consumer market for tickets.

I hope Governor Murphy will protect ticket rights in New Jersey through an immediate veto of A.4259.

Sincerely,

Brian Berry

Campaign Manager, Protect Ticket Rights

CC: Justin Braz, Deputy Chief of Staff for Legislative Affairs

Kathleen Frangione, Chief Policy Advisor