

MINUTES OF THE HOUSE COMMITTEE ON FEDERAL AND STATE AFFAIRS.

The meeting was called to order by Chairman Tony Powell at 1:30 p.m. on January 25, 2000 in Room 313-S of the Capitol.

All members were present.

Committee staff present: Theresa Kiernan, Revisor of Statutes
Russell Mills, Legislative Research
Mary Galligan, Legislative Research
Winnie Crapson, Secretary

Conferees appearing before the committee:

Proponents

Jane Nohr, Assistant Attorney General
Bill Sneed, Kansas Speedway Corp.

Opponents

Hal Wagner, Ace Sports, Overland Park

Written testimony only

Joint letter from Max Urick, Athletic Director, Kansas State University,
and Bob Frederick, Athletic Director, University of Kansas

Others attending: See attached list.

Chairman Powell announced the postponement of committee consideration of **HB 2581, Abortion; partial birth abortion; limitations,** until tomorrow, January 26.

By unanimous consent bill will be introduced relating to the licensing and regulation of Naturopathic Physicians requested by Tom Burgess representing the Kansas Association of Naturopathic Physicians.

By unanimous consent bill will be introduced bill covering recommendations of the Legislative Compensation Commission.

By unanimous consent bill will be introduced enacting a Kansas polygraph protection act as requested by Representative Gilbert.

Hearing was opened on:

HB 2653, Unlawful sale of ticket of admission.

Chairman Powell said proponents would be heard today and further hearing for opponents is scheduled for February 8. Testimony of any opponents unable to return on February 8 will be heard today.

Jane Nohr, Assistant Attorney General, presented the written testimony of Carla Stovall, Attorney General in support of **HB 2653** (Attachment #1). The office of the Attorney General is aware of at least 27 states which have some form prohibition of ticket scalping, has examined those laws and regulations and believes this bill offers the best language of all those they have examined. The office of the Attorney General has heard from citizens who have complaints, usually about major events at K.U. and K-State and concerts at Sandstone. This bill would create a crime prohibiting the sale or resale of tickets for entertainment of sporting events in excess of the face value of the ticket. It also prohibits the practice of requiring individuals to purchase additional goods or services at an inflated price as a precondition for receiving tickets.

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Bill Sneed testified in support of **HB 2653** on behalf of the Kansas Speedway Corporation (Attachment #2). His testimony included a video presentation. Kansas Speedway Corporation wants to take every reasonable step necessary to protect the interests of individuals who played a role in procuring the racetrack in Kansas, to assure their customers will have the opportunity to purchase tickets at a reasonable price, to protect the State of Kansas by making sure tax proceeds from sale of tickets are collected, and to protect the private investors in the track. They believe the process is increasingly short-circuited by increased purchases by ticket brokers. Ticket brokers are not licensed in the State of Kansas.

Assistant Attorney General Nohr responded to questions. She said "fair market value" or "fair market price" is derived from face value or price originally advertised.. The third paragraph of her testimony with reference to ticket scalping leading to resale fraud in distribution of tickets referred relates to promoters offering tickets they cannot back up. She knew of no such instances in Kansas nor did she know of misrepresentation of seat locations. Tickets must be resold at the price paid. Complaints are received about Ticketmaster and about scalpers. Complaints are not logged. She believes the intent of the bill was to prevent a windfall.

Mr. Sneed responded to questions. They will have 75,000 tickets in Phase 1 and 115,000 in Phase 2. When asked how many tickets had been sold he explained they are not tickets but passes for permanent access to Speedway seating. Almost all of the 14,000 passes offered have been sold. Representative Klein asked for an explanation of the pass concept. Mr. Sneed stated it was a real estate transaction, the opportunity to own the seat for thirty years so long as season ticket is renewed. You must purchase tickets to utilize the seat.

Representative Mason referred to Mr. Sneed's concern about safety and asked if an area could be specified for selling tickets. Representative Edmonds questioned the statement that taxes were being lost when in fact they were being collected twice with broker services charging sales tax.

Representative Cox asked if states with laws prohibiting ticket scalping are all NFL, big league states. Mr. Sneed did not have that information. Chairman Powell indicated it would be helpful.

Chairman Powell recognized Hall Wagner, Ace Sports, Overland Park, an opponent, as he is unable to appear on February 8, the date for testimony from opponents. Mr. Wagner testified he has been in business in the Oak Park Mall for ten years. He chose to go into the business of ticket brokering in an appropriate way and has never had one complaint about their service. They provide a service to people who choose not to get in line, on the phone or on the internet. Corporations also rely on them to get tickets. They charge a fair market price and take a risk in every situation if they purchase tickets they do not sell. Mr. Wagner would have no problem with a state license for legitimate brokers selling tickets and cannot understand why there is none.

Chairman Powell called attention to written testimony in the form of a joint letter from Max Urick, Athletic Director at Kansas State University, and Bob Frederick, Athletic Director of Kansas University (Attachment #3).

Hearing on **HB 2653** was closed.

The meeting adjourned at 3:10 p.m. The next meeting is scheduled for January 26, 2000.