

MINUTES OF THE HOUSE COMMITTEE ON FEDERAL AND STATE AFFAIRS.

The meeting was called to order by Chairperson Representative Tony Powell at 1:30 p.m. on February 8, 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:

Opponents of HB 2653:

Bud Burke, Ticket Solutions  
Steve Happel, Arizona State University  
Russ Lindmark, Ticket Solutions  
Marc Matthews, National Association of Ticket Brokers  
Gary Englert, Klynveld Peat Marwick Goerdeler (KPMG)  
Bob Karrick, TicketAmerica  
David Morrison, The Radiarium, Overland Park

Proponents of HB 2653 were heard on January 25, 2000.

Others attending: See attached list.

Without objection bill will be introduced amending the statute to provide that senior administrators as well as engineers or scientists may be appointed as directors of K-Tech.

Without objection bill will be introduced concerning appointment of one person age 16-18 to serve on an election board.

Without objection bill will be introduced regarding distinctive license plates for fire fighters.

Hearing continued on

**HB 2653, unlawful sale of ticket of admission, continued from January 25, was reopened for the purpose of hearing opponents.**

Bud Burke, appearing on behalf of Ticket Solutions, stated those testifying were not appearing as opponents of the suggested amendments to the bill in an attempt to work out a compromise resolution between ticket brokers in Kansas and the Speedway.

Steve Happel, Professor of Economics at Arizona State University, presented testimony relating to free market economy (Attachment #1). His economic goal is to improve consumer welfare and market efficiency. He presented six conclusions about the resale market in event tickets. He described a ticket as a call option that gives the bearer the right, but not the obligation, to occupy a particular seat at a particular time.

Russ Lindmark of Ticket Solutions, Overland Park, presented testimony (Attachment #2). He described the operation of his business and testified ticket brokers do not monopolize the supply of tickets but sell less than one percent of available seats. His customers are individuals and businesses, both local and around the world, using tickets to entertain themselves and clients or to reward employees.

Marc Matthews, President of the National Association of Ticket Brokers, presented testimony

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(Attachment #3). He described the history of “ticket scalping” legislation. He contrasted the stock market and its need for regulation with the selling of tickets. The SEC does not grant anyone the right to buy a stock at its initial public offering price and the same environment exists for tickets.

Gary Englert, Senior Manager with the accounting firm of KPMG, presented testimony concerning audit of TicketAmerica (Attachment #4). He presented observations made while working with ticket brokers in the secondary market, and noted ticket brokers they have worked with understood the general perception of ticket brokers which they want to dispel and to demonstrate that they are responsible members of the business community and keen on ensuring they comply with the law.

Bob Karrick, President of TicketAmerica, Inc., presented testimony (Attachment #5). He described the primary and secondary markets in event ticketing. The secondary industry resells event tickets, matching willing buyers to tickets for whatever the market will bear. Tickets are sold at a price determined by the market and are not tied to the printed face value. Ticket brokers are service businesses that fill a specific consumer need and contribute to local, state and national economy unlike the individual street scalpers with which the general public is most familiar.

David Morrison, volunteer director of development for the Radiarium Foundation, Overland Park, presented testimony concerning use of tickets to raise donations for cancer research and education and other charitable purposes (Attachment #6).

Responses were made to questions by members of the Committee.

Bill Sneed, representing Kansas Speedway, informed the Committee that at the encouragement of Chairman Powell and various members of the Committee they have been working with the opponents and to develop compromise language.

Chairman Powell expressed appreciation for their willingness to work on compromise and said a presentation of their proposal will be scheduled at a later time.

Hearing on SB 2563 was closed.

The meeting adjourned. Next meeting is scheduled for February 9.