

January 14, 2025

House Industry, Business and Labor Committee
State Capitol
600 East Boulevard Avenue
Bismarck, ND 58505

Members of the House Industry, Business and Labor Committee,

As you are preparing for the Bill Hearing on HOUSE BILL NO. 1159 relating to requiring vendors to provide physical copies of tickets upon request and capping the amount that can be charged for handling and shipping at \$10, I would like to submit written testimony in opposition to the proposed legislation.

In summary, my opposition to this proposed legislation is based on the following:

A. Background Information

This proposed legislation is in response to a situation in which customers of the University of North Dakota (UND) Department of Athletics' and Ralph Engelstad Arena (REA) are given the following delivery options for their UND Athletics' season tickets:

- a. Digital tickets and digital delivery – delivery is free of charge for those who select this option.
- b. Physical tickets for those who do NOT possess the tools and technology (smart phone) to use digital tickets – delivery of physical tickets is free of charge for those who do NOT have the tools necessary to operate on a digital platform.
- c. Physical tickets for those who DO possess the tools to use digital tickets but choose not to use the digital platform - \$40 charge per season ticket to print tickets for those who choose not to use the free digital platform and ask to be provided with printed physical tickets.

Chart showing printed season ticket numbers at UND this athletics season:

2024-25 Printed Tickets						
Plan	Total Printed		Total Paid at \$40		No Phone - \$0 Paid	
	Seats	Accounts	Seats	Accounts	Seats	Accounts
Hockey	169	59	23	9	146	50
Football	139	48	10	4	129	44
Basketball	53	22	15	4	38	18

The issue is that a small number of customers who possess the tools to use digital ticketing oppose the \$40 charge per season ticket if they choose to request printed physical tickets. Customers are provided with options and customers make choices. However, there are different operating expenses associated with each choice and customers are made aware that if they choose to print physical season tickets, there is a cost associated with that choice.

As is the case with any business, we were aware that there would be challenges and bumps along the road as we transitioned from old technology to newer technology and are happy to

report that our customer survey results show support for the transition to a digital platform. Now is not the time to step backwards and return to a mandated or required physical ticket due to the objections of a small group who do not want to pay for the choices they make. We can and do provide physical printed tickets to fans who request them, but we also tell them that there are expenses tied to the production of physical tickets if they choose to have us produce physical tickets for them. The issue is that some fans would rather not pay for printed season tickets, not that the fans cannot get printed tickets. They can get printed tickets, but they do not want to pay for their preference. The customers have freedom of choice. This bill proposes to eliminate *any difference in the price of those choices*, not offering additional options nor choices.

B. Undue Burden on Ticket Sellers

If implemented, this legislation will result in a financial burden on ticket sellers if ticket sellers are not allowed to charge customers for the cost of providing what the customer requests. Ticket sellers who print physical tickets are required to use special thermal printers, special ticket stock with multiple security features, and trained / experienced personnel to print tickets. Printing physical tickets requires specialized equipment, time, and labor – all of which costs money. In addition to the direct costs associated with printing physical tickets, money must be set aside to replace, repair, and update this specialized equipment as technology and security features evolve over time. We do so in the name of customer choice, but operating two ticketing platforms, printed and digital, carries additional operating expenses. It is my opinion that those who prefer to use physical tickets instead of the free digital platform provided should pay for the costs associated with providing the physical tickets they request.

C. Government Overreach

In my opinion, government is not needed in the middle of a relationship between a willing buyer and a willing seller in which the customer has multiple options to choose from. More specifically, in response to the proposed HOUSE BILL'S cap of \$10 for shipping and handling fees, why is the government best suited to decide how much the customer pays for the option they think works best for them? What if the customer wants to select the overnight courier delivery option for \$17? What if the customer wants to spend \$19 to have a courier deliver physical tickets the same day? There is no role for government in determining which delivery options are made available to ticket customers, nor is the government well positioned to determine what should be charged for a service that a customer requests. The proposed requirement to force a ticket seller to provide physical tickets without charge, and then to try and limit what a ticket seller may charge for an infinite number of ticket delivery options is concerning. What is next; does the government get to decide how much Fed Ex may charge to deliver a package of diapers to a family in North Dakota when the family chooses to pay for the delivery method that works best for them? Does the government get to decide what McDonald's may charge for delivering their product if a customer would rather have their product delivered to them at home as opposed to using the free delivery option at the drive-thru window? Let the market and the consumer decide. Ticket sellers who do not provide quality customer service and suitable purchase options to their customers will not be in business very long.

D. Digital Ticketing Platforms:

The primary goal of a digital ticketing platform is to provide fans with the best seats at the best prices, but there are many other advantages to event producers who use digital ticketing technology, such as all the following:

- Allows event producers to know who their customers are with the digital history attached to tickets sold, resold, forwarded, and/or transferred.
- Allows event producers to have improved and increased communication to customers directly because they know who their customers are.
- Allows event producers to effectively notify customers about changes to upcoming events (i.e., weather postponement, game time change, event cancelation, etc.).
- Allows event producers to provide ticket holders with event updates and event information to improve the customer experience or fan experience at the event (i.e., changes in parking procedures, what time doors open, late changes to the event plan, etc.)
- Allows event producers to market merchandise, food and beverages, and other product offerings to ticket holders directly.
- Allows event producers to make consumers aware of future opportunities, future promotions, and future events.
- Allows event producers to effectively refund monies for cancelled shows directly to ticket holders because they know who is holding the tickets.
- Allows event producers to resolve ticketing issues at event during ingress when families show up with ticket issues due to the historical footprint or historical trail that accompanies a digital ticket.
- Allows for a better experience and a contactless experience at the point of ingress for most customers.

E. The Future is Based in Technology

The State of North Dakota has been and continues to be heavily invested in supporting the digital transformation and a connected population. Are we really going to take steps backwards to force ticket sellers to absorb unnecessary expenditures because a small group of customers does not want to pay for printed tickets when they choose to avoid using technology in the digital world in which we live? It is a financial burden to require all event producers to have the tools, equipment, and staff properly situated to live in both the “new world” and the “old world” at the same time. Let the private sector decide how they want to manage this situation. There is a significant investment required to operate in both the digital world for the masses and the old school world for a small minority. A consumer should pay for their choices.

Our industry is racing to the future with all the following happening today:

- Biometrics are being used around the world for access to ticketed events, including sports arenas in the United States where fans simply show the palm of their hand or their eyes for access to ticketed events.
- The University of Florida is now using an “Express Entry” platform for their home football games with facial identification verification software for access to ticketed events.
- Major League Baseball is implementing an “MLB Go-Ahead Entry” system that allows access to games based on biometrics and a “selfie” taken with a cell phone.

Every state and every industry will advance at their own pace, and while we are not currently doing any of these things in North Dakota at our current sports and entertainment venues, it is coming. Why would we go backwards and write laws that include physical ticket printing requirements? Let the customers and market dictate the pace of such things.

In a world that is becoming increasingly *cashless* with greater saturation of new digital methods of payment, including most major sports and entertainment venues around the United States, are we really going to mandate the printing of physical tickets in venues that will soon be *cashless*? It seems odd to require the printing of physical tickets while our industry sits on the cusp of nothing but digital financial transactions in venues nationwide, including North Dakota.

Even high schools around the State of North Dakota are migrating to digital ticketing platforms because of the benefits they provide. The North Dakota High School Activities Association is an example of an event organization using digital ticketing more every year. It is not feasible to think that everyone, including those in our smallest communities, will be able to invest and operate in the both the “new world” and the “old school world” at the same time. Let the market decide and let them do what makes the most sense in each specific situation, because the economics and variables will not be the same for everyone.

F. Ticket Security

Generally speaking, there is less fraud with digital tickets than physical tickets. The electronic history attached to digital tickets allows event producers to solve problems for customers more efficiently and effectively and leads to a better customer experience. Scalpers love physical tickets. One of the unintended consequences of legislation requiring physical tickets is the impending number of instances in which physical ticket holders and North Dakotans will be defrauded. The ticketing industry has spent millions and millions of dollars to improve ticket security to protect fans and customers from fraud and legislation requiring mandatory free physical ticket printing would be a giant step backwards in this regard.

G. Customer Safety & Security

Digital secondary market ticket transactions are safer and more secure than personal or face-to-face exchanges of printed tickets, to say nothing of the opportunities for fraud associated with printed tickets. Digital transactions are safer for all involved, and in an increasingly violent world, there is immense value to event producers and society if they know who is using their tickets. The day is coming, as an example, when those on a terrorist watch list will not be allowed to enter venues that employ advanced identification verification and/or other biometric tools at the point of entry and digital ticketing platforms will be tied into this technology.

H. Customer Service

Let the market and competition determine product offerings, pricing, and delivery methods. In what world does it make sense for the government to determine the price of printing a ticket? There is a cost to printing and managing printed ticket inventory and a lot of time, energy and resources are wasted handling things like lost printed tickets, damaged printed tickets, stolen printed tickets, fraudulent printed tickets, etc. Let the free market take care of customer service. Our ticketing ecosystem is an extraordinarily complex environment with regards to the secondary market, ticket management, and ticket redemption. There are lots of unintended negative consequences associated with the production of printed physical tickets and we

admittedly seek to limit the production of printed tickets with our pricing plan. Our price of \$40 to print a season ticket has admittedly been established to help deter a substantial number of fans from printing season tickets. We do not sell beer for \$5 a can for the same reason. We would sell more beer at \$5 a can than beer at \$10 a can, but we do not seek to sell as many beers as we can!

I. Unintended Industry Consequences

There are both real and significant unintended consequences tied to this proposed legislation due to the extremely broad and expansive industry in which ticket sellers and event producers operate. Traveling performers, artists, and events do not often have North Dakota nor North Dakota cities at the top of their *must-play states* or *must-visit cities* lists. If we were to mandate the production of physical tickets in North Dakota, this would put venues, event promoters, and event producers at a significant disadvantage as many traveling performers, artists, and events currently require digital tools to be utilized for their events to protect their fans. Concepts such as “delayed delivery” requirements and “face value only exchanges” are two good examples of requirements that could not be met with mandated printed tickets. Verified platforms such as *Safetix* were specifically developed to protect consumers, and these types of consumer protection platforms are not implementable with mandated printed tickets. Why would we hurt the chances for our North Dakota venues, event promoters, and event producers to secure events within our state by mandating the printing of tickets? Let the market decide.

In summary, I understand how this proposed legislation came to be. It is a constituent bill intended to try and help citizens who prefer to have printed physical tickets in their hands and do not want to pay for their preferred ticket type. We do now and always will use feedback from our customers to guide us. There are expenses tied to the production of printed physical tickets, as well as the operation of both a digital footprint and a physical footprint and it is a reasonable expectation for customers who prefer printed physical tickets to bear the cost of their preference.

For all the reasons stated above, I would encourage you to vote “NO” on HOUSE BILL NO. 1159 and allow the market and consumers to determine both the pace and outcome of this technological transition. I am happy to answer any questions that you may have. My direct line is (701) 777-6633 and my email address is jodyh@theralph.com.

I appreciate your time and consideration.

Sincerely,

Jody Hodgson

Jody Hodgson
General Manager, Ralph Engelstad Arena