



Date: March 25, 2026

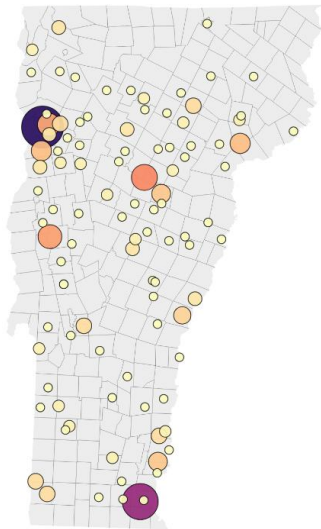
To: Members of the Senate Committee on Economic Development, Housing and General Affairs

From: Susan Evans McClure, Executive Director, Vermont Arts Council

Re: H.512 An act relating to the regulation of the event ticketing market

### **Organizational Background**

The Vermont Arts Council is the state's arts agency, and the state affiliate of the National Endowment for the Arts. The Council envisions a Vermont where artists thrive and everyone has access to creativity in their lives, education, and communities. Engagement with the arts transforms individuals, connects us more deeply to each other, energizes the economy, and sustains the vibrant cultural landscape that makes Vermont a great place to live. Since 1965, the Council has been the state's primary provider of funding, advocacy, and information for the arts in Vermont.



In FY25, the Arts Council awarded **\$1,444,302 in funding**. 225 total grants were awarded to **95 individuals and 139 organizations** in all of Vermont's counties.

Grants directly support artists to create new work and deepen their practice, support communities to create public art connected with infrastructure projects, support educators to provide arts education to students in school settings, support arts organizations to add vibrancy to Vermont communities through projects that provide equal and abundant access to the arts, and much more. The Council also administers two grant programs on behalf of the state of Vermont- the Cultural Facilities grant program and the Art in State Buildings Program.

Vermont's creative sector - the collective enterprises, organizations, and individuals whose products and services are rooted in artistic and creative content - is a significant driver of our state's economy. **According to the [U.S. Bureau of Economic Analysis](#), the arts and culture contributed over \$1.2 billion to Vermont's economy in 2023.**

Supporting Vermont's creative economy supports Vermont's overall economy, and our communities.

**Predatory Ticket Resale is Hurting Vermont Businesses and Consumers:** Live events are the heartbeat of Vermont’s creative economy and our local communities. But predatory and deceptive ticket resale practices— from fake websites to scam tickets to inflated prices—are negatively affecting both Vermont consumers and Vermont’s performing arts industry. Vermonters deserve common sense guardrails for ticket resale that will protect consumers, small businesses, and our economy...and that is exactly what H.512 is working to do.

The Vermont Arts Council has been working with a coalition of Vermont arts and sports venues to understand the impact of predatory practices and identify solutions. And what we’re seeing is egregious. Consumers who search for tickets online are being brought to websites that look just like the website of the real venue, and then they buy tickets for a grossly inflated price. Or online resellers who are selling tickets that don’t even exist yet. Or tickets that are fake, and then the consumer arrives at the venue only to find that their tickets aren’t real and they have been scammed.

You’ll hear today from The Flynn, but this is happening at venues all across Vermont, from people paying \$50 for a \$15 ticket to a Lake Monsters game, to a grandmother spending a huge sum of money on a fake ticket to see her granddaughter in the Nutcracker at the Paramount in Rutland, to tickets to a benefit for immigrants in Vermont being resold for exorbitant prices on a resale site.

**The majority of people reselling tickets on the secondary market are professional individuals-** industry estimates are 80% of resale is done by professional, individual resellers. Individuals buy a ticket from a venue and then the individual sells that ticket on a secondary resale market. They are doing this because they know they can make money off of an unregulated market.

I think it’s helpful to see what we’re talking about in hard numbers. The National Independent Talent Organization (NITO) pulled together some about a 2023 concert in Vermont by the musician Billy Strings at the Champlain Valley Fairgrounds in Essex.

- **493** tickets resold
- Average Face Value **\$55**
- Average Resale Price **\$188.43**
- Vermont fans paid an extra **\$65,786** more than they should have all into resellers pockets

The numbers NITO has access to include only 60% of Stub Hub’s data- so these numbers do not account for sales on SeatGeek, VividSeats, or others. The amount is most likely far higher than this.

**A Vermont Scale Solution:** Our intent here is to create a Vermont scale solution to a Vermont scale problem. It's important to note that we are one of a few states with no Ticketmaster/Live Nation venues. So while there are major complications with their business model, that is not part of this particular problem here, and it's not what the bill is trying to solve. We also do not want to break what isn't broken, and the House Committee spent a lot of time crafting a bill that addresses the issues, protects consumers, but still allows for transparency and choice.

A few specifics on what is included in the bill:

**H.512: Prohibition on speculative ticket sales:** What we often see are tickets for sale on the resale market before they are even available for sale through the venue. An example of this is a summer concert on the Burlington waterfront, produced by Higher Ground. Tickets to see The Head and the Heart opened on March 11. On March 10, Stub Hub sent an email saying that tickets were available now

**H.512: Ban on deceptive websites and deceptive language:** The bill will make it unlawful to use deceptive practices that make it look like you're on the website of the primary venue. And it outlaws practices like you see here, using language like "only 3% of tickets left." As you can see on the actual Higher Ground website, tickets to this show are still available, and are \$69, when they are for sale on Stub Hub from \$111 to over \$1,000.

**H.512: Enforcement under existing consumer protection law:** It brings enforcement under existing consumer protection law, and the Attorney General's office has been supportive of this legislation throughout the process. Venues will be able to direct consumers to the Attorney General's Consumer Assistance Program to file a complaint, and violators will be fined up to \$10,000 per instance.

**H.512: 10% price cap on resale- with an exemption for transparent, contracted markets:** While the bill covers a lot of important areas that will measurably improve the situation for consumers and venues, the heart of this bill is a price cap on the secondary resale market. While we know that no bill can completely solve the challenges of our modern internet age, we do know that a price cap will have the most impact in ending the incentives for predatory online practices- namely selling tickets online for grossly inflated prices and tricking Vermont consumers into purchasing them.

Price caps are a crucial part of the market working effectively and protecting consumers. Price caps do not set the original ticket price. They only regulate abusive resale markups that have no relationship to real demand. Markets only work when they are free from fraud and manipulation. Price caps simply prevent conduct that distorts competition.

Last year, Maine passed a state law capping the price on resale to 10% above what was paid for the ticket. Our colleagues in Maine have shared that the legislation has had a meaningful impact on decreasing the problem.

10% was determined to be the right amount because it covers the original amount that was paid by the consumer for the ticket and any fees that might be incurred for resale.

In the US, Maine is the only state with a price cap. However, there is state level legislation under consideration in 15 states that includes a price cap on resale. And a price cap is standard in countries around the world.

This list shows how widespread this practice is globally:

- **Ireland**: cap at original sale price / face value for covered events
- **Denmark**: cap at face value plus official issuer fee
- **Portugal**: resale above face value illegal
- **France**: unauthorized resale prohibited; occasional individual resale at or below face value
- **Germany**: caps enforced via resale restrictions (often tied to event terms/platform enforcement) 30% ban incoming
- **Australia (NSW and some states)**: typically capped (often ~10% above face value)
- **Belgium**: no profit allowed on resale; organized resale banned
- **Italy**: commercial resale above face value illegal
- **Japan**: resale above organizer-designated price prohibited (criminal penalties)
- **Norway, Poland, Turkey, Russia**: strong restrictions on profit-based resale
- **United Kingdom**: recent government measure to ban resale above original cost
- **Ontario**: recent government measure to ban resale above original cost

There is no evidence to suggest that a price cap makes things worse than they are right now for consumers. In fact, we have ample evidence of the price cap improving the situation. Countries don't adopt resale price caps in theory. They adopt them after fans are repeatedly priced out, scammed, and exploited.

When you make it illegal to re-sell a ticket for a grossly inflated price, you remove the incentive for bad actors to scam Vermonters. It is ok, and in fact, it is better than ok, it is important, for Vermont to be in line with countries around the world on this issue. Vermont can and should set the standard on how to protect artists, arts venues, sports events, fans, and consumers.

That being said, our intent here is not to break what isn't broken- the intent is to increase transparency and choice for consumers. So the House Committee created a carve out in the bill for venues that have signed contracts with a reseller. This means that, if a venue

has a signed contract with a reseller and they are transparent about a safe marketplace, they are exempt from the price cap. For example, UVM Athletics sells their tickets through a ticket sales company called Paciolan, and as part of their agreement with the company, customers can resell tickets directly through SeatGeek and set their own prices. This is working for them, and the venue made a transparent decision about resale that is clearly communicated to consumers. That's not the issue we're trying to address.

**We regulate predatory markets...and states used to regulate ticket resale** This is a predatory market that we are trying to regulate, and Vermont already does that, like with the Rent a Center regulations, which sets the maximum price for an item in a rent-to-own agreement<sup>1</sup>.

And many states used to have price caps on resale and bans on scalping, many of which have been repealed. The timing of the repeal of those laws in the mid-2000s aligns with the growth and consolidation of the resale ticket market, and the professionalization of lobbying efforts by the industry to undermine common sense regulations. And since those price caps have been repealed, this issue has only become worse for consumers. In Ontario, where they used to have a price cap and recently repealed it, things got so bad that they now have brought back the price cap and made it even stronger<sup>2</sup>.

**Vermonters can still resell their tickets:** Vermonters will still be able to resell their tickets under this legislation. This bill is designed to end predatory behaviors and is in line with other state legislation that protects Vermont consumers from predatory behavior. And not only will Vermonters be able to resell their tickets, they will also be confident in a transparent resale market.

**Vermont venues and fans are asking for this predatory market to be regulated.** They want to know that when they buy a ticket, they're not getting screwed. They want to know that when they have to sell a ticket they can't use, they are part of a fair marketplace. H.512 will protect the small Vermont venues who are working hard every day to bring the joy and connection of the arts to towns across our state. It will protect Vermont consumers and their hard-earned money. And the thoughtful and careful language in this bill ensures that Vermont consumers can still resell their tickets in transparent, safe online markets.

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<sup>1</sup> "The Vermont Statutes Online § 41b. Rent-to-own agreements; disclosure of terms. <https://legislature.vermont.gov/statutes/section/09/004/00041b>

<sup>2</sup> "Ontario Protecting Fans by Capping Resale Prices." <https://news.ontario.ca/en/release/1007203/ontario-protecting-fans-by-capping-ticket-resale-prices>