

TICKETS

BROADWAY BROKERS GET NERVOUS ABOUT POTENTIAL N.Y. TICKET TAXES



New York Assemblyman Joseph Morelle and government research analyst Chris Barnes discuss the challenges facing ticket brokers during a panel Thursday at Ticket Summit.

NEW YORK — Does the current financial environment mean greater regulation of ticket sales?

The bailout of the banking system, the Bernie Madoff scandal and the collapse of the Big Three automakers have all led to increased calls for government intervention into the free market. Could that demand spill over into the ticketing world, bringing increased regulation about how tickets are sold, or even worse — ticket taxes?

“These are incredibly frightening times and a lot of public policymakers don’t know what to do,” said New York Assemblyman Joseph Morelle. The former chair of the Assembly’s Committee on Tourism, Arts and Sports Development, Morelle helped usher in the repeal of New York’s anti-scalping law. Now he’s fighting a battle to prevent both New York state and city from implementing separate sales taxes on events that could result in an eight percent surcharge on tickets.

Morelle called the tax “regressive,” claiming it “hurts the little guy.” Besides, many argue — how do you implement a sales tax on resale tickets? Are sites like StubHub and TicketNetwork responsible for tracking sales and reporting brokers income to the federal government? Ticketmaster Associate General Counsel Joe Freeman said requiring resale marketplaces to track 50 different state tax laws would be arduous, while requiring the same sites to withhold taxes in an escrow-type account would be a bookkeeping nightmare.

“We are not in favor of the entertainment industry being taxed any more than it already is,” Freeman said.

Sales tax issues for tickets are nothing new. Texas and Hawaii levy special “fees” on anyone

reselling tickets, while the city of Chicago has a special amusement tax it charges on the sale and resale of tickets. City officials there recently sued StubHub for \$186,000 in back taxes.

The New York tax has angered many in the Broadway community and created concern that an eight percent tax would further slow sales in a lagging consumer economy. Morelle said 13 Broadway shows had closed in January, while others are slashing prices to stay competitive.

"The emphasis is on revenue and everyone is looking to find new things to tax," Freeman said.

Nearly all the speakers on the panel encouraged brokers and box office employees to get involved with their local and state governments.

"If you don't get involved, policy will be made without you," said Dustin Brightman, a lobbyist for eBay. "It's important to head to your state capitols and represent yourself. Get involved and let your civic leaders know that they should call you when these types of issues arise."

Government research analyst Chris Barnes said winning the support of America's legislators is often about appealing to their sense of fairness and most citizens "think resale violates people central tenement of fairness."

"There are many negative symbols attached to resale. From the shady ticket scalper standing on the street corner to the crying Hannah Montana fan who couldn't buy a concert ticket, this industry is filled with negative symbols," he said. "I often encourage brokers to overcome these symbols by being a new symbol — the symbol of the ordinary business guy. That helps lessen the reaction to negative publicity. That's because the standard reaction to a lack of reaction is often an overreaction. And when politicians overreact, it is often businesses who pay the price." — Dave Brooks

Interviewed for this story: Joseph Morelle, (585) 467-0410; Joe Freeman, (310) 360-2344; Dustin Brightman, (202) 551-0084; Chris Barnes, (860) 919-3659