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Office

H.B. 563
(I_136_1207-1)
136th General Assembly

Fiscal Note & Local Impact Statement

[Click here for H.B. 563's Bill Analysis](#)

Version: In House Technology and Innovation

Primary Sponsor: Rep. Hiner

Local Impact Statement Procedure Required: No

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Highlights

- The costs for the Office of the Attorney General's Consumer Protection Section to investigate and enforce new violations of the Consumer Sales Practices Act will depend on the number of complaints filed/reported, investigations performed, and enforcement actions taken. To some degree, any related increase in operating costs might be offset by the collection of civil penalties credited to the Consumer Protection Enforcement Fund (Fund 6310).
- Any increase in the annual operating costs of courts to adjudicate resulting in Attorney General-initiated civil actions will be no more than minimal and absorbed by utilizing existing staff and resources. There is no private cause of action.

Detailed Analysis

The bill regulates the sale of tickets to entertainment events. It requires operators (as defined under the bill), ticket resellers, and online ticket marketplaces to disclose subtotals, fees, charges, and other components of a ticket's total cost in a way that is not false or misleading.¹ Ticket resellers and online ticket marketplaces must provide certain additional disclosures, such as an itemized breakdown of all components of the total price, including taxes and shipping costs, prior to final purchase. They must also provide a 24-hour proof of purchase that includes the refund policy and other specified information. Furthermore, the bill prohibits certain fraudulent practices in relation to ticket sales. For example, operators, ticket resellers, and online ticket

¹ An "operator" is defined by the bill as a person, including an agent, employee, or assignee of the person who does one or more of the following: (a) owns, operates, or controls a place of entertainment, (b) produces entertainment, or (c) sells a ticket to a place of entertainment for original sale.

marketplaces are prohibited from selling tickets over which they do not have actual or constructive possession, and they may not increase the price of a ticket for a particular person after the ticket is first displayed to that person. A full description of all provisions and exemptions are outlined in the [LSC bill analysis and comparative synopsis](#).

Enforcement

A violation of the bill's provisions is deemed an unfair or deceptive act or practice under the Consumer Sales Practices Act (CSPA). Under the bill, the Attorney General has exclusive authority to enforce these violations of the CSPA,² including suing for injunctive relief and civil penalties. Depending upon the nature of the violation, the court is permitted to impose a civil penalty of \$5,000 up to \$15,000 for each day of violation of a temporary restraining order, preliminary injunction, or permanent injunction and an additional amount of not more than \$25,000 if the violation is an act or practice that was declared to be unfair, deceptive, or unconscionable. Pursuant to current law, the civil penalties are distributed as follows: three-fourths, or 75%, to the state's existing Consumer Protection Enforcement Fund (Fund 6310) and one-fourth, or 25%, to the treasury of the county where the Attorney General's action is brought. The timing and magnitude of this potential revenue stream is uncertain. Typically, the Attorney General will try to negotiate a settlement and take a matter to trial as a last resort.

Overall, the number of additional Attorney General-initiated civil actions is expected to be relatively small in the context of a court's total caseload, with associated costs minimal at most. Any costs would be absorbed utilizing existing staff and appropriated resources.

Synopsis of Fiscal Effect Changes

The substitute bill (I_136_1207-1), compared to the As Introduced version, changes certain regulations on ticket sales. Investigative and enforcement duties for the Attorney General remain unchanged. However, the substitute bill removes the private cause of action that is typically available under the Consumer Sales Practices Act (CSPA), meaning that private individuals will no longer be able to initiate civil actions. This change reduces the potential number of cases that might have otherwise been filed. The number of cases under both versions of the bill is expected to be relatively small, and the fiscal effect on the courts remains minimal.

² The bill specifies that it does not create a private cause of action from individual consumers due to an entity's violation of the bill.