



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1594

PRINTERS NO. 3373

PRIME SPONSOR: Tomlinson

COST / (SAVINGS)

FUND	FY 2021/22	FY 2022/23
General Fund	\$0	\$0

SUMMARY: House Bill 1594, printer's number 3373, amends the Unfair Trade Practices and Consumer Protection Law, providing for collection, verification, and disclosure of information by online marketplaces to inform consumers.

ANALYSIS: This bill requires that online market places collect the following information from high-volume third party sellers:

- A bank account number, or the name of the payee if the seller has no bank account.
- Contact information of high volume sellers, including an individual's name when the seller is an individual, or proof that an individual can act on behalf of a company.
- A business tax identification number or taxpayer identification number.
- A current working telephone number and email address.

The marketplaces must verify the listed information and shall remind sellers not less than annually of their requirement to keep information updated. An electronic certification that such information is valid shall be required not later than 10 days following such notification. Failure of a seller to certify shall result in a suspension of sales activity. The marketplaces may not use any data collected for this act for any other purpose unless required by state or federal law. This information must have reasonable security measures to prevent unauthorized use, disclosure, access, destruction, or modification.

An online marketplace shall require a high-volume third-party seller that has an aggregate total of \$20,000 or more in annual gross revenue to provide the following information to a purchaser:

- Name of the seller.
- Physical address of the seller.
- Contact information, including a working phone number and email address.
- Whether the seller used a different seller than disclosed on the website to fulfill the order.

Contact information requirements shall not prevent an online marketplace from preventing fraud, abuse, or spam through such communications.

Online marketplaces may allow a partial disclosure of the information provided to a purchaser if the seller does not have a business address separate from their residential address. Marketplaces may disclose only the country/state or inform the consumer that there is no business address while providing another way to contact them. Combined residential/business addresses may be provided to return products. If a seller does not have a separate phone number for their business, this shall be disclosed to the purchaser along with alternative methods of communication.

If an online marketplace becomes aware that a high-volume third-party seller has provided false information to justify a partial disclosure, or if the seller has not provided responsive answers to customer inquiries, the marketplace shall provide the seller with written or electronic notice and an opportunity to respond within ten days. In such cases, sales activities of the seller shall be suspended unless the seller consents to the release of identifying information. Online marketplaces shall disclose reporting mechanisms allowing for electronic or telephonic reporting of suspicious marketplace activity.

The Attorney General is authorized to bring a civil suit if an online marketplace violates the provisions of the bill. Such suits may enjoin additional violations, enforce compliance, or obtain civil penalties, as necessary.

Political subdivisions may not establish or mandate an online marketplace to collect or verify information from a high-volume third-party seller to disclose information to a consumer.

This act shall take effect in 180 days.

FISCAL IMPACT: Enactment of this legislation would have no adverse impact on Commonwealth funds.

PREPARED BY: Casey Martin
House Appropriations Committee (R)

DATE: January 25, 2022

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.