



March 22, 2022

**Testimony of Ruth Whittaker,
Federal Public Policy Fellow
Chamber of Progress**

**Michigan House of Representatives
Judiciary Committee
House Bills 5485, 5486, and 5487**

Good morning Chair Filler and members of the committee,

My name is Ruth Whittaker and I represent the Chamber of Progress, a tech industry coalition promoting technology's progressive future. Our organization works to ensure that all Americans benefit from technological leaps. Our corporate partners include Amazon, Google, and Meta, but our partner companies don't have a vote or veto over our positions.

We appreciate your commitment to combating organized crime, but we urge your committee to **oppose House Bills 5485, 5486, and 5487**. These bills have already been rejected by at least 15 state legislatures, will hurt small online sellers, and are unnecessary now that big-box retailers and online marketplaces have endorsed a new compromise version of the bills at the federal level.

First, House Bills 5485, 5486, and 5487 would make small online sellers collateral damage in Walmart's battle against Amazon. Brick-and-mortar marketplace giants are trying to stifle healthy competition and will ultimately hurt Etsy artisans, eBay sellers, and other online microbusinesses. According to a recent article in The Atlantic, bills like these will ultimately help Walmart by **"weaken[ing] the competitive advantage of large-scale online-shopping platforms."** They won't stop sophisticated counterfeiters, who will surely adapt to the new rules.

Second, at least fifteen states have rejected bills similar to these bills, prioritizing the needs of online entrepreneurs and consumer choice. Legislators in Republican and Democratic led states agree this legislation would add additional obstacles that would ultimately hurt small sellers, decrease opportunity, increase red tape, and hinder consumers in search of a deal. Only two states, including Walmart's home state of Arkansas, have passed this legislation.

Finally, a federal compromise version of these bills has already been endorsed by both retailers and leading online marketplaces, making these bills unnecessary. In October, U.S. Housemembers introduced the federal INFORM Act to combat the online sale of stolen, counterfeit, and dangerous consumer products. This legislation is supported by retail groups, a coalition including Etsy and eBay, and Amazon.

Online marketplaces are largely borderless and don't observe state by state boundaries. Passing **HB 5456, 5486, and 5487** would exacerbate a patchwork of state laws on an issue that is more

properly addressed at the federal level. The consensus approach reflected in the federal version of the legislation represents the best model for tackling this issue without harming small online sellers.

We hope you will heed the perspectives of the legislators who have assessed the consequences of passing state versions of this legislation and **oppose House Bills 5485, 5486, and 5487**. These bills would take sides for Walmart against Amazon, would hurt small online business owners, and have been rejected in all but two state legislatures. We encourage the Michigan legislature to instead support the improved federal compromise version of this legislation that has broader support.

Thank you.