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State Representative | Ohio House District 3

February 29, 2022

Chairman Wilson, Vice Chair Hottinger, Ranking Member Maharath and honorable Senators of the Financial Institutions and Technology Committee, on behalf of my joint-sponsor Representative Phil Plummer thank you for the opportunity to provide sponsor testimony on House Bill 272 which passed the House chamber this past December.

The Online Marketplace Transparency and Consumer Protection Act is a fairly simple piece of legislation. The bottom-line up front is that its passage will protect consumers by preventing counterfeit and stolen goods from being sold online. The COVID-19 pandemic forced many Ohio consumers to turn to online marketplaces to find Clorox wipes, N95 masks and other essential items to keep themselves safe while sheltering in place. Our constituents should have the right to know who they are doing business with. Are these goods coming from a local business or from another state or country?

Mr. Chairman, and colleagues, the eyes of the nation are on Ohio. We would be the second state in the country to pass such legislation. In fact, NBC Nightly News with Lester Holt reported extensively on House Bill 272 sending a news crew to Wood County to spend several days with the Perrysburg Township Police Department. Their reporting highlighted the steadfast commitment of our officers to law and order including their efforts to halt organized retail crime rings negatively impacting our communities. Here in Ohio, we can send a distinct message to these criminals of their need to pursue a different career. In Ohio we won't accept criminals taking advantage of our fellow citizens.

Before highlighting the substance of House Bill 272, I would like the record to reflect legislation before you is the product of compromise. Representative Plummer and I met with various interested parties, and, actually amended our as introduced language to mirror the agreed upon language of the federal bill. As a result, we received, in writing, support of the amended language from those who were previously opponents.

House Bill 272 requires these marketplace facilitators of a third-party seller to collect and verify six basic pieces of information that every legitimate business should have in order to conduct business. The six pieces of information include: the business name, business address, business email, business phone number, tax ID and bank account information. To be clear, sensitive information such as tax ID and bank account information will be kept confidential between the sellers and the online marketplace. The only information required to be made publicly available are business name, location and basic contact information such as a valid email address. We must note for members of this committee that just several months ago Congress lowered the 1099 threshold for third-party

marketplace sellers to \$600 of revenue (or income). Marketplaces as of this year are now mandated by federal law to collect this information from third-party sellers in order to stay compliant.

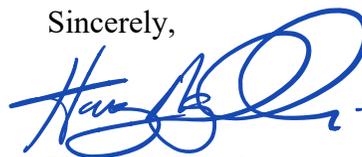
In addition, this bill requires disclosure of limited contact information to consumers that is a clickable link if you're going through the facilitator's website. There are privacy provisions in the bill that protect the individual small seller. For example it does not require the marketplaces to list someone's home address. If the small business owner has a warehouse on their private residence that would also be protected. Protecting the privacy of our small business owners is important to us. In fact, the online facilitator would only be required to simply list the state and country that the business or the individual is located in.

This bill also creates a level playing for Ohio small business owners. These businesses are competing in a new world that involves online marketplaces. And as third-party sellers they are competing against companies that are selling counterfeit and stolen goods from all over the world. This globalized virtual market puts them at a disadvantage when they are trying to run a legitimate business, selling legitimate products to people here at home.

Lastly this legislation provides an additional tool for enforcement. Requiring the six basic pieces of information to be collected and verified will help the Attorney General's office in their investigations. This bill also protects the small business owner and their patents if it's being infringed upon. House Bill 272 gives the Attorney General the ability to locate perpetrators or illegal networks of counterfeit goods by shutting them down and making legitimate and verified sellers whole.

In summary, this legislation is beneficial for consumers and legitimate businesses alike. By simply requiring online marketplaces to verify their third-party sellers, we can stem the flow of illicit products on these platforms. We believe it is incumbent upon us as leaders in the Ohio Legislature to do that which is within our power to protect consumers and that is exactly what this bill does. We hope you will join us in this important effort. Thank Mr. Chairman and members of the committee. We would be happy to answer any questions you may have.

Sincerely,



Haraz N. Ghanbari

Member of the Ohio House of Representatives