



August 8, 2008

# LAST WEEK IN WASHINGTON

5822 West 74th Street • Indianapolis, IN 46278 • (800) 282-1642 • Fax (317) 328-4354

Following weeks and months of negotiating, Congress passed two major pieces of legislation just before leaving for a five-week summer vacation – the Consumer Product Safety Improvement Act and the Housing & Economic Recovery Act.

- The Consumer Product Safety Improvement Act gives additional enforcement authority and a bigger budget to the Consumer Product Safety Commission (CPSC). It sets standards for toy safety, lowers permissible lead levels in children's products, gives CPSC additional recall authority and bans the sale of recalled products.

Other provisions: third-party testing and certification of children's products and notice of this certification included on labels and in advertising for by-mail or online purchases; providing, upon request from the CPSC, complete information on sources of supply; a database on consumer product safety that is to be available to the public through the CPSC Website; whistleblower protections for employees who report problems in the supply chain.

- The Housing & Economic Recovery Act concentrates on reforming government and government-sponsored mortgage companies and providing help to distressed homeowners in the form of a refundable tax credit for first-time homebuyers and a new standard deduction for state and local property taxes.

A \$9.8 billion offset requires banks and other credit/debit card processors to provide information to the Internal Revenue Service (IRS) on credit/debit card payments made to merchants. Retailers will be asked to provide taxpayer identification numbers to card processors; without them, card processors will have to withhold 28% of payments to cover tax liability. Reporting begins in 2012 on payments made after December 31, 2010.

This new information reporting requirement may be only the beginning. In a speech, IRS commissioner Douglas Shulman said: "Maintaining [the] balance between service and enforcement is, in my mind, critical. It isn't an either/or proposition. We need to do both. ... I also believe that we cannot audit our way to full compliance. ... We need to supplement our efforts with new tools, such as more information reporting, soft notices and self-correction options for taxpayers."

- Two bills have been introduced in the House dealing with retail security. The Organized Retail Crime Act would make organized retail crime a federal crime. Under this bill, the operation of online auction sites could be considered facilitation of organized retail crime unless the operator could show that it took specific steps to ensure goods sold on the site were not acquired illegally. It would allow retailers to sue over the sale of stolen merchandise and require auction site operators to cooperate with retailers and police.

The E-Fencing Enforcement Act would prevent electronic fencing of stolen merchandise through Internet auctions. It would require online auction operators to retain information about high-volume sellers and provide that information to "a person with standing" after a valid police report is filed. A person with standing could be a retailer who filed a police report or a law enforcement officer who received the report.

*Last Week in Washington is published as a member service by the North American Retail Hardware Association*