

Red Flags Rule Deadline Extended

The Federal Trade Commission (FTC) extended the Red Flags Rule enforcement date from May 1 to Aug. 1 to give companies more time to comply. The agency said it would “soon” release a template to help small businesses, saying it would be useful for companies that have a low risk of identity theft, such as those that know their customers personally.

The Red Flags Rule requires companies (including retailers) that offer credit to customers to develop written identity theft prevention programs for most types of credit accounts. An FTC guide, *Fighting Fraud with the Red Flags Rule: A How-to Guide for Businesses*, is available at www.ftc.gov/redflagsrule.

Federal Budget Plan Passed

The House and Senate approved a budget resolution for fiscal year 2010; it must be implemented by appropriations legislation. It freezes estate tax provisions at 2009 levels and eliminates repeal in 2010, extends several business tax breaks including 15-year depreciation for retail store renovations and patches the alternative minimum tax for three years.

It also contains controversial provisions designed to speed up health care reform legislation. It gives Congress until Oct. 15 to come up with a health care reform proposal. After that, reconciliation instructions take over, insulating health care legislation from a Senate filibuster. The five committees that will write the health care bill – two in the Senate and three in the House – are instructed to each find \$1 billion in savings.

Congressional Intent in Consumer Protection Law

Twenty-eight senators sent a letter to the Consumer Product Safety Commission (CPSC) to clarify Congressional intent on the Consumer Product Safety Improvement Act (CPSIA).

According to the letter: “... [CPSC] is empowered by CPSIA [to ensure] enforcement of the Act in a comprehensive manner while providing appropriate and common-sense relief to businesses and institutions. ... [CPSC] should aid industry and institutions with compliance on a prospective basis and immediately promulgate information and guidance to help with compliance. ... [Congress anticipated that CPSC would] work with businesses, institutions and consumers to establish the protections of the Act without undue impact on the stream of commerce.”

The senators were responding to CPSC’s acting chairman’s contention that the law is written so narrowly that it does not give the agency enough flexibility to address problems caused by the law.

SBA Expands Loan Eligibility Standards

The Small Business Administration announced a temporary alternate size eligibility standard for its 7(a) loan program. In addition to normal revenue or employee industry size standards, companies with a net worth of less than \$8.5 million or a two-year average net income of less than \$3 million can qualify. The alternate standard will be available until Sept. 30.

The expanded eligibility program is expected to allow about 70,000 small businesses access to 7(a) loans.

Bankruptcy Changes Sought for Retailers

Rep. Jerrold Nadler (D-NY) introduced the Business Reorganization & Job Preservation Act to change several bankruptcy code provisions that would make it easier for retailers to reorganize under Chapter 11.

It would repeal a 2005 provision giving retailers seven months to decide whether to cancel store leases and restore the previous provision that gave bankruptcy judges the discretion to extend the time period indefinitely after an initial 60-day period. It would also reduce from 45 to 10 days the time period for suppliers to take back goods shipped before a bankruptcy filing.

Lawmakers Working on Pricing Legislation

Sen. Herb Kohl (D-WI) has scheduled hearings this month on the Discount Pricing Consumer Protection Act. It would make minimum pricing agreements between manufacturers and retailers illegal under federal law. In addition, several states have passed laws barring minimum pricing agreements; the most recent is Maryland, where the new law takes effect Oct. 1.

These efforts are aimed at circumventing a 2007 Supreme Court ruling that minimum pricing agreements are not automatically illegal and must be considered on a case-by-case basis.