



October 5, 2021

Members of the House Consumer Affairs Committee.

On behalf of the Toy Association, we would like to urge you to support HB 1594 an act regarding Organized Retail Crime.

The Toy Association, founded in 1916, represents more than 1,000 businesses--our members account for approximately 90% of the US toy market and over 95% of our industry in the United States is considered small businesses. While here in Pennsylvania our industry is 97.6 % small business, with an annual positive economic impact in Pennsylvania of \$3.8 Billion.

Curbing the flow of counterfeit goods in ecommerce is an issue of critical importance to the U.S. toy industry due to the safety concerns of counterfeit toys and this issue will only get worse as the shipping crisis continues and the holiday season approaches.

By law, all toys sold in the U.S. must be compliant with mandatory product safety requirements, must be tested by an accredited, independent testing facility and must have a children's product certification.

Legitimate toy companies, large and small, spend significant resources to bring new, fun, educational and safe toys to the U.S. market. Suffice to say, counterfeit toys may not submit to any of these safety and testing regulations and there is no assurance that they comply with these safety requirements.

However, under the current third-party marketplace system, illicit sellers with little or no accountability take advantage of consumer faith in these marketplaces by offering inferior and unsafe counterfeit toys that put our children at risk.

In fact, according to a survey of 1,000 U.S. parents conducted by Wakefield Research for The Toy Association: **1 in 3 toy purchasing parents falsely believe that counterfeit toys are not sold on major line marketplaces and 34% toy buy parents did not know that counterfeit toys are not always safety tested.**

For these bad actors, bypassing US safety and testing regulations is a competitive advantage to provide toys cheaper and quicker than any small retailer or small manufacturer who provides safe legitimate product. (A top reason a toy-buying parent would consider buying from an unverified seller is it was "simply cheaper".)

This legislation protects small businesses and does nothing more that require that sellers provide the bare minimum of their business information to sell online.

In addition, consumer awareness is a critical component to reducing the prevalence of counterfeits as consumers are largely unaware of the scope of the problem and they are often unable to distinguish between known sellers and illicit sellers on marketplaces. We feel that this information is critical to help them make safe buying choices. This legislation simply gives consumers those tools they need to make smart informed choices.

As it stands today, legitimate toy brands selling through local toy stores are playing by one set of rules and foreign sellers that exploit marketplaces are playing by another set of rules or are not playing by the rules at all. And without significant changes to level the playing field, we will continue to be fighting a losing battle.

We respectfully ask the committee to give HB 1594 a favorable report and are happy to answer any questions you may have. Thank you for your consideration.

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