March 19, 2024

Senate Finance Committee
Attn: David A. Smulski, Nathan McCurdy, and Patrick Carlson, Dept. of Legislative Services
3 East
Miller Senate Office Building
Annapolis, Maryland 21401

RE: MD HB 53 – “E-Commerce Antimonopoly Study of 2024” (Unfavorable)

Dear Chair Beidle and Members of the Senate Finance Committee:

On behalf of the Computer & Communications Industry Association (CCIA), I write to raise several concerns regarding HB 53 in advance of today’s Senate Finance Committee hearing.

CCIA is a not-for-profit, international tech trade association that advocates for policy and market conditions that benefit innovation, the tech sector, and consumers.¹ For over 50 years, CCIA has advocated for sound competition policy and antitrust enforcement. Competition is a fundamental driver of innovation, particularly in the technology sector where the industry is characterized by rapid advances that are driven by dynamic competition. As a result of the competitive process, companies that offer better products and services may benefit from increased returns. This cycle incentivizes companies to continue investing in innovation that allows them to develop higher quality goods and services at a lower price — all to the benefit of consumers and the broader economy.

E-commerce and traditional brick-and-mortar retail compete fiercely.

CCIA is concerned that the scope of the proposed study under HB 53 is artificially narrow by focusing only on e-commerce when, in fact, e-commerce and traditional brick-and-mortar retail compete fiercely. Consumers have many choices in the retail market, both online and offline. It is also worth noting that the line between popular omni-channel retail sales channels and fulfillment options makes the boundary between e-commerce and brick-and-mortar less distinct. For example, if a consumer uses their smartphone to order curbside pickup for same-day fulfillment, they visit the physical store for fulfillment but the order payment is captured online.

Research shows² that there is a close competitive relationship between traditional offline brick-and-mortar retailers and those online engaged in e-commerce. Consumers look at both offline and online retail options when considering where to make purchases, which is reflected in the pricing trends. Online and in-person retail prices directly relate to one another — when prices increase or decrease offline, those prices also increase or decrease online,

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¹ For more than 50 years, CCIA has promoted open markets, open systems, and open networks. CCIA members employ more than 1.6 million workers, invest more than $100 billion in research and development, and contribute trillions of dollars in productivity to the global economy. A list of CCIA members is available at https://www.ccianet.org/members.

² Abrantes-Metz, Rosa, and Mame Maloney. “Competitive Dynamics of Online and Brick-and-Mortar Retail Prices.” CCIA Research Center, Aug. 15, 2022, research.ccianet.org/reports/competitive-dynamics-online-brick-mortar-retail-prices/
demonstrating the correlation and vigorous competition across channels. There is scant evidence to support that there is a strong division between consumers and how the retail market operates within the economy. Customers shop across many retailers every day, in every format, and 85 percent of retail purchases still occur in physical stores. Sellers also are moving toward integrated omnichannel operations. Therefore, it would be inadvisable to commission a study that ignores the dynamic interplay between retail channels, leaving behind traditional offline retail and focusing solely on e-commerce.

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CCIA generally supports legislative studies as a means for policymakers to gain a better understanding of important public policy issues, however, we recommend that the Committee resist advancing legislation that proposes a study in which the scope is not appropriately tailored to account for the robust competition that exists across retail channels. We appreciate your consideration and stand ready to provide additional information and perspective as the Committee considers this bill.

Sincerely,

Khara Boender
State Policy Director
Computer & Communications Industry Association

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