

Assembly Bill 1790

As Amended – May 7th

Online E-Commerce Marketplaces

Assemblymember Buffy Wicks (AD-15)

THIS BILL

This bill will promote equitable market competition in online e-commerce marketplaces.

THE ISSUE

Online e-commerce marketplaces are internet platforms where businesses sell their goods and services. An authentic marketplace operator does not own any inventory; their business is to present third-party sellers' inventory to a consumer using the platform and facilitate their transaction.

There also exist hybrid e-commerce marketplaces that engage in retail sales. On these hybrid marketplace platforms, the operators facilitate sales between third-party sellers and customers, and also offer products owned by the platform. Unfortunately, this sometimes leads to marketplaces selling goods that directly compete with the same third-party sellers that use their platforms.

The relationship between e-commerce marketplaces and sellers is critical to the sellers' ability to reach customers and generate revenue. With such a large footprint in the retail space, e-commerce marketplaces have a responsibility to ensure that third-party sellers know and understand the policies that govern their contractual relationship prior to selling on the marketplace platform. Unfortunately, this transparency does not always exist, and many third party sellers are left in the dark about how disputes about their funds will be handled or how to resolve complaints with the platform.

SOLUTION

As amended, AB 1790 would require online e-commerce marketplaces to provide clear and specific information about their terms and policies, make that information available online to the businesses that use their platform to sell

goods, and set objective grounds for disputes about the disbursement of funds from the third-party sales that are in the platform's possession.

These disclosures will help give third-party sellers the information they need to make decisions about the e-commerce marketplaces they use and ensure that they know the rules of engagement before contracting with a specific marketplace platform.

SUPPORT

Working Partnerships USA (Sponsor)
California Labor Federation

SUPPORT IF/AS PROPOSED TO BE AMENDED

California Grocers Association
California Retailers Association

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