



Online Marketplaces & Third-Party Sellers

Background

Retail theft is a major issue impacting retailers of all sizes and segments. Beyond impacting the profitability and viability of businesses throughout the state, retail theft has significant impacts on the safety and well-being of staff, customers, and the public at large. The 2023 Retail Security Survey identified that 45.3% of respondents had reduced store operating hours; 29.7% reduced or altered product selections; and 28.1% reported closing a specific location as a result of retail crimes, social disorder, or violence—each adding to the burden that these activities put on consumers (National Retail Federation). These thefts also rob the public of state and local sales tax dollars. **CapitalOne Shopping Research estimates that the State of Colorado and other localities lost \$78 million dollars of sales tax revenue due to retail theft in 2023.** Of particular concern is organized retail crime, which refers to groups that conduct large-scale theft or fraud with the intention of distributing, reselling, or returning stolen merchandise for cash or store credit. These types of criminal endeavors often heavily rely on ecommerce and peer-to-peer marketplaces to conduct their operations and are sometimes tied to larger criminal networks. Between 2022 and 2023, Retail Security Survey Respondents identified a 52% increase in ecommerce fraud (National Retail Federation).



The Solution: SB25-070

Addressing organized retail crimes provides new opportunities to increase collaboration between sales platforms, retailers, and law enforcement. By working with online marketplaces to identify third-party sellers engaging in criminal activities, this approach aims to remove avenues for criminal endeavors to sell stolen wares.

How it Works

- Online marketplaces will provide a portal, point of contact, or other mechanism that allows law enforcement to quickly and confidentially notify those marketplaces of third-party sellers that are suspected of criminal activity
- These online marketplaces will also maintain policies and staff to notify law enforcement of suspected criminal activity and work to affirmatively prevent and detect organized crime

Why SB25-070 matters

The Retail Theft Bill enables sales platforms, retailers, and law enforcement to quickly communicate important information. These communications allow for illegal activities to be quickly identified and help to remove outlets by which criminals may profit from stolen goods. Removing these outlets helps curb incentives to commit organized retail theft and reduces the impacts to people and businesses throughout the state.