PUBLIC POLICY ON E-COMMERCE

Electronic commerce taxation and Internet privacy took the public-policy center stage last week. In a presentation to Congress, the Federal Trade Commission said legislation regulating privacy of consumer data on the Internet is "not appropriate at this time".

The FTC report looked at processes by which data regarding online consumers is gathered, as well as self-regulation efforts by entities such as TRUSTe and Better Business Bureau Online (BBBO), which try to persuade businesses to voluntarily post and uphold privacy policies.

Critics said the Commission's conclusions leave Web users high and dry. The FTC "really came up short," said Marc Rotenberg, executive director of the Electronic Privacy Information Center, an Internet watchdog group based here. "The FTC assumes that self-regulation is working, but they are not prepared to look at the adequacy of [such programs.]"

BBBO's Russ Bodoff, while calling the FTC's move "very positive," said of the 400 sites currently going through the process of attaining a BBBO seal, virtually all missed items in the organization's list of requirements.

"They often don't discuss how the customer can access or correct the information," said Bodoff, chief operating officer and senior vice president of BBBO, Arlington, Va. "We also require that the privacy notice be at any location where information is being solicited and we require encryption when sensitive data is being transferred.

The ongoing debate over taxation at the federal and state levels threatens to rain on E-commerce's parade. As Sen. John McCain (R-Ariz.) emerged from the pack of candidates for the U.S. presidency calling the loudest for a permanent ban on E-commerce taxation, tax on E-commerce may emerge as a key issue as the race for the White House shifts into high gear in coming months, industry experts said.

Digital commerce activity monitor BizRate.com last week issued results of a survey that polled some 3,700 online consumers to measure the likely impact of taxation.

The results were split 37 percent of the survey respondents said they would not have made their most recent online purchase if sales tax had been included. Another 37 percent said they would have and 26 percent said they did not know if they still would have purchased the item online.

Meanwhile, industry trade associations the Computing Technology Industry Association (CompTIA) and the Information Technology Trade Association (ITTA) pushed legislation that would provide tax credits of 20 percent to 25 percent for the costs of qualified IT training.

President Clinton's June 28 announcement of a stronger than expected budget surplus improved substantially the prospects for passage of such a bill, said Bruce Hahn, director of public policy at CompTIA, Lombard, Ill.

"Its chances were much improved, but there's still some jostling and cajoling that has to happen," Hahn said. "It's a provision that would really benefit everyone in the IT food chain."

A training tax credit bill was introduced in Maryland in January and passed by the Maryland General Assembly in April. Federal legislation was introduced in the U.S. Senate and House of Representatives. It has bipartisan support and more than 30 co-sponsors, Hahn said.

Clinton previously opposed a major tax bill, citing the need to devote the entire surplus to social security, but he reversed his position after the surplus levels turned out higher than expected.

Propelling its efforts to pass the IT training tax-credit legislation, members of The Technology Training Tax Credit Coalition (TTTCC) plan to meet with Senator Kent Conrad (R-S.D.) today to discuss the developments surrounding IT skills- shortage legislation.

In a statement supporting the IT training bill, Conrad said the shortage of technology workers is currently 340,000 and is expected to grow by 130,000 each year for the next decade.

E-commerce Involves Extensive International Negotiations

One of the key economic benefits of electronic commerce is to reduce the importance of distance. In theory, businesses and consumers can communicate and engage in transactions anywhere on the globe. In fact, most countries have regulations governing international trade and communications which impede such transactions. To reduce or eliminate those barriers, new multilateral or bilateral agreements must be struck.

The Internet may be global but trade negotiators generally follow agendas of narrowly defined national interests. International processes to resolve differences are as likely to expose differences.