



January 21, 2021

The Honorable Nancy Pelosi  
Speaker  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Chuck Schumer  
Majority Leader  
United States Senate  
Washington, DC 20510

The Honorable Kevin McCarthy  
Minority Leader  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Mitch McConnell  
Minority Leader  
United States Senate  
Washington, DC 20510

Dear Speaker Pelosi and Leaders Schumer, McCarthy and McConnell:

The National Retail Federation appreciates the historic efforts made during the past two years by the 116th Congress. The coronavirus pandemic, in particular, presented unparalleled challenges for the American people and the nation's economy. As the 117th Congress begins, we would like to take this opportunity to highlight the wide range of issues impacting American retailers of all types and sizes. Although much attention must still be paid toward combating the effects of the pandemic, it is our hope that with the effective distribution of COVID-19 vaccines and an improving economy, NRF and Congress can work together to ensure the economy, along with the retail industry, rebounds and thrives.

NRF, the world's largest retail trade association, passionately advocates for the people, brands, policies and ideas that help retail thrive. From its headquarters in Washington, D.C., NRF empowers the industry that powers the economy. Retail is the nation's largest private-sector employer, contributing \$3.9 trillion to annual GDP and supporting one in four U.S. jobs — 52 million working Americans. For over a century, NRF has been a voice for every retailer and every retail job, educating, inspiring and communicating the powerful impact retail has on local communities and global economies.

NRF members' highest priority continues to be the health and safety of retail workers, customers and our communities. Together with our members, we are working to ensure retail and restaurant businesses have access to information and protocols to continue operating safely. Although we are hopeful that the worst of the pandemic is behind us, we recognize the long-lasting impact it will have on American families and businesses. Steps such as robust support for testing and

vaccine distribution should be the first order of business alongside additional action on fiscal stimulus. We believe the Safe and Healthy Workplace Tax Credit can support sustained investment in fighting the pandemic by offsetting a portion of the enormous costs retailers are incurring for protective gear and store reconfigurations to keep their employees and customers safe. Other stimulus priorities include further direct payments to individuals and families in the form of a combination of income and rent assistance. Lastly, targeted and temporary liability protections for customer-facing businesses should be enacted. Businesses should not have to operate under the fear of unwarranted lawsuits.

Again, the pandemic crisis is not over and Congress' main focus should be on providing further relief for businesses and consumers. As the current situation improves with vaccine distribution and a healing economy, other priority issues may return to the forefront. We would like to share where NRF stands on the many issues that impact both retailers and their customers.

### **Trade and the Retail Value Chain**

America's retail sector is heavily reliant on the global value chain, which enables retailers of every size to source high-quality and affordable products from around the globe for U.S. consumers. These global value chains also allow U.S. retailers to operate in other countries and make markets for U.S. manufacturers and farmers, bringing their products to foreign consumers. U.S. trade policies can affect these value chains for the better, or worse, and consequently its contributions to U.S. economic and job growth. American retailers sell goods — in the United States and in foreign markets — that are both made in the United States and around the world.

Retail value chains are international, intricate and built carefully over time to respond to a variety of consumer needs: fast delivery of affordably priced goods that meet ever-evolving social concerns (fair labor practices, environmental protection and consumer safety, for example). Some of these supply chain features were generated by helpful U.S. trade policies (e.g., labor and safety requirements); others by harmful policies (tariffs or quotas that increase the cost of goods or limit their supply in a given country). In both cases, trade policies drive sourcing out of some countries and toward others.

However, supply chains cannot be changed overnight. It can take months, if not years, to find new product or service suppliers that can meet all of the different requirements set out by a retailer. This includes everything from ensuring the quantity and quality of the product to ensuring appropriate product testing and corporate social responsibility requirements. These decisions also depend on ensuring appropriate infrastructure exists (roads, ports, electricity, etc.) as well as a skilled workforce.

The new Congress should focus on trade policies that reestablish U.S. leadership on global trade, but also seek to maximize the positive contribution of the retail value chain to the U.S. economy and U.S. jobs. This also includes a foreign policy that reaffirms our relationships with our allies and seeks to address ongoing global issues in partnership with these critical allies. To learn more about the importance of global trade and value chains to the retail sector, [click here](#).

### **Supply Chain Infrastructure**

U.S. retailers are among the country's largest shippers, moving hundreds of billions of dollars in merchandise through their supply chains, using America's transportation infrastructure — its seaports, airports, rail lines and highways. The condition of the U.S. freight transportation system is vital to American competitiveness, and especially the retail industry, which must be able to deliver goods to the consumer at bricks-and-mortar stores or through direct-to-consumer options.

Unfortunately, the U.S. freight infrastructure has suffered from decades of underinvestment, turning the system into a drag on the economy. Retailers fear that future growth in global commerce will be stalled because of a lack of infrastructure to support it. Furthermore, the failure to invest in efficient infrastructure is reducing U.S. global economic competitiveness. Congress should finally undertake the nation's infrastructure needs by acting on a long-term infrastructure bill that will address current infrastructure challenges, as well as plans for future growth. To learn more about the critical role infrastructure plays in the stability and growth of the retail sector, [click here](#).

### **Data Privacy**

Maintaining customers' trust is a top priority for all retailers. Retailers know that establishing a long-term relationship with their customers requires more than just providing the merchandise they want at the prices they are willing to pay. Retailers go to great lengths to protect consumer information, adopting policies and practices that put the customer first. Many regional and national retailers spend millions of dollars each year on technology to comply with state, federal and global privacy regulations to ensure customer confidentiality and security.

In 2021, Congress will renew its efforts to enact a bipartisan data privacy law that establishes uniform national standards to replace a patchwork of state and local laws. NRF strongly supports preemptive federal privacy legislation but urges Congress to adopt a law that applies to *all* entities that handle consumers' personal information. A federal law embodying this principle will ensure that consumers are equally protected everywhere, by all businesses handling their data, and that retailers are not disparately impacted by federal regulations compared with other businesses with undeserved exemptions. NRF will continue to work with the 19 national trade association members of the Main Street Privacy Coalition to promote this principle and our other shared interests in federal data privacy legislation.

Additionally, in the *Schrems II* decision last July, the European Union's highest court invalidated the EU-U.S. Privacy Shield, a critical agreement between the U.S. Department of Commerce and the European Commission that provided a safe harbor for transatlantic flows of customer and employee data on which thousands of American businesses rely. NRF will continue to urge the Secretary of Commerce to negotiate and sign a successor agreement to the Privacy Shield as early as possible in 2021. We will also continue our [partnership](#) with EuroCommerce to advocate for adoption of a transatlantic data transfer framework that preserves valid EU-U.S. data flows. To learn more about how retailers are safeguarding consumer privacy, [click here](#).

### **Labor Issues**

The retail industry provides careers for millions of workers, and retail is a first opportunity in the workforce for many more. Retail directly provides jobs and careers in sales, food preparation and related occupations, but retailers also support opportunities for workers in an array of other occupations such as logistics and freight transportation; finance, insurance, and real estate; and technology and IT-related roles. In addition to directly supporting millions of roles in these occupations, retail has a sizeable indirect and induced impact on jobs across other sectors — making a booming retail sector integral to the overall health of the economy. NRF strongly supports workforce policies that are conducive to sustained growth so retailers can continue creating opportunities for the nation’s workforce and provide for the needs of our nation’s communities.

Ensuring the dynamism of the nation’s retail sector is more important than ever. As the country continues to confront the impact the COVID-19 pandemic has had on sectors across the economy, our government should pursue those policies that promote continued economic growth and avoid unwarranted increases in regulatory burdens and one-size-fits-all government mandates. NRF encourages lawmakers to embrace a common-sense policy agenda that ensures retailers are able to remain economic engines in communities across the country and subsequently provide career opportunities to both its existing workforce as well as those individuals who are striving to re-enter the labor force. To learn more about how sound labor policy supports jobs and economic growth, [click here](#).

### **Payments and Card Security**

The U.S. payments system currently lags behind other nations throughout the world in both security and innovation. Although efforts have been made to increase credit card security, U.S. cardholders experience fraud at a significantly higher rate than the global average. Credit card security is a top priority for retailers due to the costs associated with not only card fraud, but card reading equipment and software as well. Retailers also face increased liability in the instance of card fraud. Finally, the cost of card issuance has continually gone down even while swipe fees charged by networks and issuers have steadily increased — largely because retailers and customers in the U.S. are captive to using the networks’ technology.

The biggest reason the U.S. payment system is expensive, cumbersome and less secure than it should be is that two incumbent card networks govern the technology behind the payment system, and have very little competition. It is axiomatic that higher prices and flat or decreasing output is the sign of a nonfunctioning market; these conditions perfectly describe the payment market in the U.S.

NRF strongly advocates for an enhanced payments infrastructure through the use of systems and guardrails to ensure security, innovation, competition and transparency. Congress should consider these principles when working to improve the nation’s payments system. To learn more about the need for an improved and more secure payments system, [click here](#).

**Tax Reform**

Retailers both big and small greatly benefitted from the Tax Cuts and Jobs Act (TCJA), which was passed by Congress in 2017. The tax reform law lowered the corporate tax rate from 35 percent — the highest in the industrialized world at the time — to 21 percent. Prior to the TCJA, U.S. businesses moved various operations outside of the country, and some in cases, moved their headquarters to lower tax jurisdictions. Since the TCJA's enactment, we have seen greater investment in the U.S., more jobs and higher wages. For retailers, more jobs and higher wages means a healthy consumer, and the industry thrived as a result.

Unfortunately, the coronavirus pandemic has thrust the U.S. economy into a recession, one that economists predict may take years to recover from. With retailers facing urgent liquidity challenges, efforts to raise taxes and the corporate tax rate would result in a further downturn in growth. A higher corporate tax rate would once again incentivize U.S. businesses to move operations overseas and slow job creation. It is vitally important that future tax policy measures do not further exacerbate the current weaknesses in the economy. To learn more about how tax reform and other tax policies impact retailers, [click here](#).

NRF and our members look forward to working with you this Congress. Our top priority continues to be the survival and recovery of retailers and their customers throughout the ongoing pandemic. We are hopeful that the policy positions that have been laid out will help inform the new Congress as it leads our nation forward.

Sincerely,



David French  
Senior Vice President  
Government Relations

cc: Members of United States Senate  
Members of U.S. House of Representatives