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Making Peace with the Tax Man

A new Multistate Tax Initiative could bring marketplace sellers to the tax man. Nearly half of the states now participate in a plan that allows marketplace sellers to file state taxes without paying taxes and penalties for noncompliance in previous years.

While the laws relating to sales tax collection responsibility are largely unchanged and still require a physical presence in the state, business methods have changed. Online marketplace sellers may be responsible to collect and remit sales taxes for product sales in states where their inventory is stored in third-party fulfillment centers, such as those owned by Amazon.com Inc.

The Multistate Tax Commission (MTC) has been working on ways to bring marketplace sellers into compliance. Its initiative could help sellers that use Amazon's Fulfillment by Amazon program address potential tax liabilities without paying fines and penalties for not complying with state laws in the past.

The risks of facing such back taxes, penalties, and interest have risen as states have audited marketplace sellers on the theory that they may owe the state taxes. These states claim that physical storage of inventory in an Amazon fulfillment center in the state satisfies the Supreme Court's physical nexus requirement.

Even marketplace sellers inclined to comply have hesitated to begin in case that filing initiates an audit. The MTC's National Nexus Program offers a limited-time, voluntary disclosure initiative to online marketplace sellers, particularly aimed at Amazon sellers.

The "Online Marketplace Seller Voluntary Disclosure Initiative" lets online retailers apply for a sales tax permit during the amnesty period between Aug. 17 and Oct. 17, 2017, and participating states will not hold retailers accountable for past liabilities or any associated fines and penalties. Wisconsin and Colorado have exceptions to this blanket rule. There are twenty-three states participating in the initiative so far.

Ongoing compliance is required. Sellers must register in each state during the amnesty period and begin collecting sales taxes by Dec. 1, 2017. The states participating include: Alabama, Arkansas, Colorado, Connecticut, DC, Florida, Idaho, Iowa, Kansas, Kentucky, Louisiana, Massachusetts, Minnesota, Missouri, Nebraska, North Carolina, New Jersey, Oklahoma, South Dakota, Tennessee, Texas, Utah, Vermont, and Wisconsin. States have different requirements for the program. Interested participants should review all requirements before participating.

Initiative applications can be found on the MTC website. Applicants apply anonymously and their identities remain undisclosed until the state agrees to the voluntary disclosure agreement.

Amazon does not have warehouses in every one of the fifty states. Some states will participate in the initiative even if there is no Amazon warehouse or fulfillment center in the state.

Aggressive states have pursued various strategies for establishing nexus. They may check residents' shopping carts and then contact sellers for more details. A state may issue a "nexus questionnaire" to determine how long a marketplace seller has been selling in the state, what their sales are in the state, and how long inventory has been present in the state.

If a state can prove nexus in the state and has not collected or remitted taxes, then the statute of limitations has not been tolled. This means there is no statute of limitations for how many years back the state can penalize the company. The states have an incentive to go back as far as they can. Most are facing budget deficits tough to resolve without the influx of new revenues.

Complicating matters for tax authorities and marketplace sellers is the fact that inventory stored with Amazon may be moved for that company's convenience. Sellers know to which Amazon fulfillment centers they sent their inventory. Sellers may not know where the inventory moved or settled.

Amazon lists the information on a seller's dashboard, but does not necessarily notify the seller of inventory movement. Sellers then must search for data for prior months.

Identifying risk of audit is not the end of the pro-

(Continued on Page 3)

Short Takes

Amazon is offering a new free “Instant Pickup” service for Prime and Prime Student members, who can order from a selection of daily essentials for pickup *in two minutes or less*, according to a company press release.

The service is now available at five of Amazon’s fully staffed pickup locations in Los Angeles; Atlanta; Berkeley, Cal.; Columbus, Ohio; and College Park, Md. Amazon will expand in coming months, the retailer said. Amazon already operates twenty-two staffed pickup locations on or near college campuses nationwide.

Items available for Instant Pickup include snacks, drinks and electronics, including some of Amazon’s most popular devices, the company said in its press release. *http://phx.corporate-ir.net/phoenix.zhtml?c=176060&p=irol-newsArticle&ID=2293961*.

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Target has made an effort to add smaller urban stores and open more than 100 new units in dense urban, suburban, and college campus neighborhoods over a three-year period, according to a transcript of a conference call with analysts from *Seeking Alpha*.

Target also has worked with the Barnes & Noble Education retail operation in areas where it has no such stores. Barnes & Noble College, which operates at nearly 800 college schools around the country, joined in to offer the Target assortment to more than 5 million students. Barnes & Noble College was spun off from Barnes & Noble bookselling company in 2015. *http://www.retaildive.com/news/target-and-barnes-noble-education-team-up-against-amazon-on-campus/449649/*.

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Walmart was quick to distance itself from, and apologize for, a photo of a Walmart gun display that appeared to prod customers to “Own the school year like a hero.”

Conflicting stories emerged as to whether Walmart could identify the store in the photo, whether the display had been taken down, or whether the display had been set up by design or as a prank. Walmart started its own investigation of the incident, after a photo of the display spread across Twitter. The photo showed a glass gun case in a Walmart store with a sign on top reading, “Own the school year like a hero,” the store’s back-to-school slogan.

Walmart spokesman Charles Crowson told *USA Today* the company is “certain” the incident was a ruse, but offered no other details. The photo drew negative tweets and postings for which Walmart apologized. *https://www.usatoday.com/story/news/nation-now/2017/08/12/walmart-says-back-to-school-themed-gun-display-prank/561890001/*.

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Target’s grocery unit is suffering. Recent earnings results show that grocery was the only major division not to see comparable sales increases. The company’s investments in organics and supply chain management have not altered sales.

Target has so far fallen short of developing a differentiated position for its food and beverage selection. In contrast, Target’s competitors have their unique features: Whole Foods has a quality and prepared foods selection, Aldi has low prices, and Lidl offers fresh foods at a low price point.

Retail Dive reports that: “Analysts have noted that Target’s lackluster fresh offerings, including higher-than-average perishable losses and subpar store merchandising, are putting a damper on sales. The overall sense is that the retailer hasn’t taken grocery as seriously as it has other divisions.”

What is working—to some extent—is Target’s strategy of opening smaller stores. *(See column 1.)* Read more at *http://www.retaildive.com/news/target-needs-big-ideas-to-grow-grocery/449650/*.

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POLITICO’s Morning Tax newsletter of Aug. 17 reports: “DOES AMAZON PAY TAXES? Yes, despite what you might hear from the president, who tweeted Wednesday that Amazon does ‘great damage to tax paying retailers.’ The Tax Foundation: ‘Amazon has obviously grown substantially and has a much larger presence to facilitate faster shipping. As a result, it collects taxes on sales it makes in any state with a sales tax on the books.’ *The New York Times* also called the [president's] criticism ‘outdated.’”

Making Peace With the Tax Man... ***(cont. from page 1)***

cess. A seller may find it more costly to pay taxes on a month's sales than it would be to pay penalties and interest for failing to file.

To learn more about the program, go to *http://www.mtc.gov/Nexus-Program/Online-Marketplace-Seller-Initiative#fn1*.

Price Change Proposed

The USPS has asked the Postal Regulatory Commission (PRC) for authority to make certain Move Update price and classification changes to be effective Jan. 21, 2018. The proposal would (1) increase the Move Update postage assessment for non-compliance from $0.07 to $0.08 per mailpiece, (2) change the Move Update verification method, (3) correct erroneous information subjecting USPS Marketing Parcels to the Move Update requirement, and (4) extend Full-Service Address Change Service (ACS) to certain non-Full-Service mailpieces.

To make these changes, the USPS initiated rulemaking by publishing a Federal Register notice regarding proposed rule changes for moving to a census-based address quality measurement and assessment process.

Current Rules

Under currently applied rules, mailers of commercial First-Class Mail and Marketing Mail letters and flats must update addresses to reflect Change of Address (COA) orders as a basic eligibility requirement for automation and presort rates. Mailers may use any USPS-approved method to meet this requirement, and the addresses must be updated within ninety-five days preceding the mailing date.

The USPS uses Mail Evaluation Readability Lookup Instrument (MERLIN) equipment to verify the Move Update compliance. This verification occurs *prior* to mail acceptance on a sample-based process. If the mailing selected for verification contains COA errors above the error threshold of 30%, then the Move Update charge of $0.07 is applied to the percentage of pieces in the entire mailing above 30%.

Proposed Changes

The USPS now proposes to change the MERLIN verification method to the new Address Quality Census Assessment and Measurement Process. This process utilizes the Intelligent Mail barcode (IMb) technology to verify the address quality of all mail submitted by electronic documentation (eDoc) *after* it has entered the mailstream. Existing technology now allows the USPS to verify all eligible mailpieces instead of a sampling as with the current MERLIN process.

Using the new method, address quality would be evaluated on a calendar month basis by calculating the ratio of mailpieces submitted in the calendar month with COA errors, to all qualifying mailpieces submitted by a mailer in that calendar month. If this ratio is greater than the proposed error threshold of 0.5% of all eligible pieces, the proposed Move Update charge of $0.08 would be applied to the number of mailpieces with COA errors that exceed the threshold.

To read more about the USPS filing made with the PRC, see Docket R2017-7 at *https://www.prc.gov/docs/100/100659/Order%20No.%203990.pdf?inf_contact_key=1080d4bcbf2e9bc733933f9ce214ff84b6cc7e1713d57a80dd839178311df825*. The PRC closed the comment period July 20.

Amazon Leads Ecommerce Growth

U.S. ecommerce sales grew 16.3% during 2Q/FY2017, the Commerce Department recently reported. Amazon contributed nearly half of that growth. More than 12% of total retail spending occurred on the internet, according to an *Internet Retailer* analysis of a U.S. Commerce Department report.

U.S. ecommerce sales rose to $105.10 billion in that quarter, compared with $90.40 billion in the same period last year (SPLY). Growth has not been as high since 1Q/FY2012, when ecommerce sales increased 16.8% over the prior-year's quarter.

Retail Growth Slows

Total retail sales rose to $1.27 trillion during 2Q/FY2017, up 4.4% over the SPLY. Ecommerce comprised 8.2% of the total. Those retail sales figures include the sale of items not normally bought online, such as gasoline and cars. If those sales are factored out, retail sales were $871.3 million, a 4.0% increase from $837.4 million. Using those figures, the online portion of total retail spending in 2Q/FY2017 was 12.1%, up from 10.8% in the SPLY.

While many retail businesses report stagnant or slower growth in sales, online retail sales appear to be rising at a faster rate. Macy's Inc. experienced a 2.8% decline in comparable store sales, Kohl's Corp. a 0.4% decline, and J.C. Penney Stores Inc. a 1.3% decline. Each of them saw ecommerce growth, too.

Amazon's Share

Amazon.com Inc. reported North American net sales of $22.37 billion in 2Q/FY2017 (ending June 30), up 26.6% from $17.67 billion. Including sales on Amazon's U.S. marketplace, *Internet Retailer* estimates Amazon had sales of $39.93 billion in the U.S., a 22.2% increase compared with $32.66 billion in the SPLY.

Based on these estimates and the Commerce Department's report, Amazon contributed about 38.0% of ecommerce sales in the U.S., up from 36.1% in the SPLY. It also produced 49.4% of the nation's ecommerce growth. *https://www.digitalcommerce 360.com/2017/08/17/online-retail-posts-its-largest-gain-in-five-years/.*

Trending Gains

The 2Q/FY2017 growth could continue. A new report from Forrester Research Inc. predicts U.S. online sales could reach $460 billion for 2017. That means online sales could grow by 13% year over year in 2017. Just as in the second quarter, Amazon will drive much of ecommerce growth in the foreseeable future.

Forrester expects online sales could account for 17.0% of all retail sales within the next five years, up from a projected 12.9% in 2017. Amazon.com Inc. is likely to figure strongly in achieving that goal.

Eighty-three percent "of U.S. online adults made a purchase from Amazon in 2016, and 55% used Amazon as a research resource before making a purchase," Forrester senior forecast analyst Susan Wu states. *Top500Guide.com* agrees. "All retailers in the I*nternet Retailer* 2017 Top 1000 grew by an average of 15.5% year over year in 2016. Minus Amazon, however, the remaining 999 retailers grew by 11.7% year over year." *https://www.digitalcommerce360.com/2017/08/09/e-commerce-grow-17-us-retail-sales-2022/.*

Walmart Makes a Move on Amazon

In an increasingly online world, data is valuable and Walmart is sitting on valuable data that even Amazon.com Inc. might find interesting. One hundred forty million people shop at Walmart's 5000 U.S. stores each week. Walmart's retail and etail customer data are a rich source of inspiration for advertisers, according to *Digiday Daily's* Aug. 18, 2017 newsletter.

"Walmart wouldn't provide executives to comment on this story, but conversations with agency executives revealed that Walmart is offering both insertion order-based media buys and programmatic display through Walmart Exchange, a media network the company introduced in 2014. Ad formats include banners, search ads, product listing ads and native ads in the 'Sponsored Products' section on *Walmart.com*," the report says.

The report cites Edward Yruma, managing director for investment bank KeyBanc, who says Walmart has increased its promotions of other-than-Walmart products. "'Ad load on *Walmart.com* is definitely increasing, and a growing number of our clients are interested to serve ads there,' said John Baker, CMO for agency Mirum. 'Brands are interested in retail media because retailers know when people have intent to purchase something. That data is hugely valuable and enables advertisers to stand out from their competitors in e-commerce.'"

The acquisition of *Jet.com* may have helped Walmart expand revenues in previously undiscussed ways. Jason Goldberg, svp of commerce and content for agency SapientRazorfish, told *Digiday* that "brands have realized *Walmart.com* is a lucrative ad vehicle."

How does in-store data enhance online ad placement? As *Digiday* explains: "Advertisers can use Walmart's online and in-store data to exclude or include a specific audience group to come up with a target segment, said Thomas Stelter, vp of emerging solutions for creative agency Possible. For instance, a shoe brand that targets 25- to 40-year-old women with a household income of at least $50,000 a year can exclude people who bought shoes at Walmart over the past six months, so the brand won't serve ads to this newly shoed group." *https://digiday.com/marketing/amazon-looming-walmart-quietly-grows-advertising-platform*.

Of course, Amazon still is viewed as having its finger on the shopper's pulse and some believe its use of shopper data is more sophisticated—regardless of whether its focus is on online sales.

Voice-Activated Competition

Walmart has partnered with Google to serve up voice-activated shopping to Walmart customers, using Google's technology on both Google Home and the Google Express website and app, according to both companies' blog posts. The partnership seeks to position both companies to compete more effectively with Amazon's Alexa. The partnership features several services that improve Walmart's stance in competing for online revenue dollars.

One feature of the service will be that shoppers can choose to link a Walmart account to Google for "personalized shopping results," according to Sridhar

Ramaswamy, Google's senior vice president of ads and commerce.

Walmart also will link its new Easy Reorder feature into Google Express. Disclosure of this aspect of the partnership comes from Marc Lore, president and CEO of Walmart's U.S. ecommerce.

Google could reveal a smaller, less expensive version of its Google Home smart speaker this fall at its hardware event, according to Android Police. The new device could have all the tools of the current Google Home, which means it, like Alexa, would offer music streaming, smart home control, and weather updates. The new device reportedly will come in under the current model's $129 price. *http://www.androidpolice.com/2017/08/21/exclusive-google-plans-to-launch-a-new-chromebook-pixel-mini-version-of-google-home-alongside-new-phones/*.

In a first phase of united efforts, customers will enjoy free delivery on Google Express as long as their order is above a particular retail store's minimum, Ramaswamy said. *http://www.businessinsider.com/walmart-and-google-voice-shopping-on-google-express-2017-8*.

According to the *Business Insider* story, "Google is also removing the $95-a-year membership fee for Google Express, which previously enabled customers to get free two-day shipping at retailers. Now each store on the platform will have its own threshold for free shipping. Walmart's policy will mirror its website, with orders of at least $35 receiving free two-day shipping." Walmart will be Google's largest retailer.

The link to Easy Reorder should happen in late September. Walmart also will allow customers to pick up purchases in-store for a discount.

In contrast with Amazon's Alexa services, "There's no membership required so no matter how you shop—through voice with your Google Assistant or on the website or mobile app—you'll get free delivery within one to three days," Ramaswamy said on Google's blog. Read more at *http://www.retaildive.com/news/walmart-and-google-partner-to-challenge-amazons-alexa/503274/* and *http://www.businessinsider.com/google-amazon-echo-dot-price-advantage-2017-8*.

Is USPS Giving Postage Away?

While the USPS works on growing its share of the shipping and package market, other businesses are staking out a larger portion of related businesses, including sales of packaging, labels, postage, and paraphernalia associated with returns and exchanges. Now postage sellers are crying foul on grounds that *Stamp.com* has cornered a discount on postage not available to them.

Postage is a product for which the USPS has an exclusive market. Its sale of postage to third-party sellers has those sellers stewing over *Stamps.com*'s public reports of its profit margin, reports *The Washington Post* in the August 6 business section.

"As exhibit one, these competitors and other critics within the shipping industry point to a run of astonishing quarterly profit reports . . . with gross margins often topping 80 percent . . . and a skyrocketing stock price that has increased by more than 500 percent over the past three years. It was up by more than 40 percent . . . [the previous] week alone, following yet another sterling earnings report," the *Post* reports.

The USPS recently reported its own financial woes *(See BMR 08/14/2017, p. 1)*, triggering renewed concern that *Stamps.com*'s negotiated service agreement with the USPS gave too much value away. As the *Post* explains, a competitor has called for a review of the deal to no avail.

Negotiated service agreements' terms are not made public. Critics speculate that USPS has worked directly or indirectly with *Stamps.com* or its subsidiaries for the purpose of winning business that might otherwise have gone to FedEx Corporation or United Parcel Service Inc. and undercut rivals of *Stamps.com*.

The USPS defends its unstated terms with the company on grounds that the company sells on the USPS's behalf. Its efforts necessarily come at a cost. Its discount reflects its costs for sales, marketing, infrastructure, and other investments. Rivals say the *Stamps.com* deal also arguably benefits that business by giving it advantages with respect to a most lucrative class of mail—Priority Mail.

The possibility of unfairness led some competitors to make statements about the negotiated service agreement on the condition their anonymity would be protected. They "estimate that the Postal Service and business partners could collect $100 million a year more in revenue by reforming or eliminating the discount programs that *Stamps.com* and some other companies use," according to the *Post*.

Journalists from *Capital Forum* have also written about the matter. Their research includes the purchase of *Stamps.com* or affiliates' shipping services and analysis of the labels. The *Post* says the *Stamps.com* labels show discounts of 15% to 30%.

This raises the question of what is a fair reward for boosting USPS sales and how much such incentives should cost a public agency. The postage analyst questioned why the USPS needs to raise rates if it can give away postage at such bargain prices.

If they cannot obtain details of the *Stamps.com* negotiated service agreement, then rivals would like additional oversight of the terms by an independent authority. The Postal Regulatory Commission (PRC) does review negotiated service agreements annually to determine whether they are profitable but PRC "officials said they review only whether a discount deal will generate more revenue than it costs to provide the service. They do not assess whether a better deal—or no deal at all—would generate more revenue."

Rivals insist they have lost business to *Stamps.com* and that the USPS has lost, too.

Canada Prepares for Change

Deepak Chopra, the head of Canada's postal service will step down in spring 2018, about three years before his contract expires. His resignation is set to take effect on March 31, 2018.

The top concern is whether the government should restore door-to-door mail delivery to tens of thousands of home. Under his leadership (and the leadership of the previous Conservative party government), Canada has moved from door-to-door delivery to centralized, community mailboxes. The current Liberal party government has halted conversions to cluster mailboxes.

Cluster mailboxes were one of a number of cost-saving plans implemented during Chopra's tenure. Unions and others claim these cost cuts came at the expense of service and quality. Like the USPS, Canada Post has seen volume and revenues decline in recent years even as shipping revenue and volume has improved.

Hacked, Not Hijacked

In an increasingly robotic world, warehouses are operated by robots that pick inventory from shelves. Cars will drive passengers around town. Drones and robots will carry packages to the front door. Even trucks will operate without drivers.

When that happens, workers will lose their jobs—an event that could produce vengeful, tech-minded hackers bent on mis-directing autonomous vehicles.

No one knows if that is likely, but the possibility that someone might hack a truck and drive it maliciously recently inspired an article by Simon Garfinkel, a science writer living in Arlington, Va., in *MIT Technology Review*.

Garfinkel says "manufacturers will need to solve problems far more complex than collision avoidance and navigation." He draws an analogy to the Internet: "There have been no reports to date of hostile hackers targeting self-driving vehicles. Ironically, though, that's a problem. There were no malicious attackers when the dot-com startups in the 1990s developed the first e-commerce platforms, either. After the first big round of e-commerce hacks, Bill Gates wrote a memo to Microsoft demanding that the company take security seriously. The result: today Windows is one of the most secure operating systems, and Microsoft spends more than a billion dollars annually on cybersecurity. Nevertheless, hackers keep finding problems with Windows operating systems, Web browsers, and applications."

Cars with computers on board have already had to recall cars and upgrade the firmware of millions of cars. He claims that it is time to design anti-hacking security systems that prevent the override of autonomous vehicles' software.

In contrast, he points to views of rule-makers that underestimate the risks: "In an interview with *MIT Technology Review*, the chair of the National Transportation Safety Board, Christopher Hart, said he was 'very optimistic' that self-driving cars would cut the number of accidents on the nation's roads. In discussing safety issues, Hart focused on the need to program vehicles to make ethical decisions—for example, when an 80,000-pound truck suddenly blocks a car's way. Why anyone would want to hack a self-driving car, knowing that it could result in a death? One reason is that widespread deployment of autonomous vehicles is going to result in a lot of unemployed people, and some of them are going to be angry."

He has posited some scenarios. "[A]utomated taxis or delivery vehicles could be vulnerable to being maliciously dazzled with a high-power laser pointer by an out-of-work Teamster, a former Uber driver who still has car payments to make, or just a pack of bored teenagers." He speculates that, "It will take only a few accidents to stop the deployment of driverless vehicles. This probably won't hamper advanced autopilot systems, but it's likely to be a considerable deterrent for the deployment of vehicles that are fully autonomous." *https://www.technologyreview.com/s/608618/hackers-are-the-real-obstacle-for-self-driving-vehicles/.*

Quartz also recently focused on the idea that new technology's promise carries with it the specter of lost livelihoods. Its focus is on artificial intelligence (AI) rather than vehicles, but it, too, saddles new technology with the responsibility for blocking its misuse. "The positive impact of machine learning is often overshadowed by the doom-and-gloom of automation. Fearing for their own jobs and their children's future, people often choose to focus on the potential negative repercussions of AI rather than the positive changes it can bring to society." One hopes that new technologies will produce new jobs for the displaced—like designing security for autonomous vehicles instead of designing ways to hack them. *https://flipboard.com/@flipboard/-i-was-worried-about-artificial-intellig/f-8bbc36bbdf%2Fqz.com*.

A Little Bit of Sole

Mail carriers and other postal workers must wear USPS-approved uniforms with penalties imposed for deviations. Some postal workers have argued that USPS-approved footwear is defective and puts them at risk for on-the-job injuries. Now it appears they may have some hard facts to back their claims.

The specific complaints about the shoes are that the approved shoes' polyurethane soles are produced in a way that leaves tiny moisture bubbles in the soles. If workers do not begin wearing the shoes shortly after manufacture, those bubbles remain and are not forced out. They weaken the soles, making them more likely to crack. *Government Executive* recently covered the issue and says that the National Institute for Occupational Safety and Health (NIOSH) warns that the soles disintegrate in the conditions under which they are ordinarily worn.

Postal workers' unions say the shoes put workers at risk of falls or other injuries and require frequent, costly replacement at the workers' expense.

As the article reports: "The issue came to light after a study conducted by the [NIOSH] revealed that the soles of shoes worn by letter carriers in the Boston area frequently disintegrated. The agency detailed the health hazards caused by the faulty footwear in a letter to the Postal Service in February."

The problem may not have received necessary attention because the USPS does not track workplace injuries by the footwear worn. According to the article: "The NIOSH study examined 143 accident reports for slips, trips and falls filed between 2011 and 2015 at the three largest post offices in the Boston area and found seven incidents where carriers specifically mentioned footwear. However, because USPS has no formal classification for shoe-related accidents, many may go unreported."

Proper USPS footwear bears a green tag that is awarded if shoes are "slip-resistant, built with water-resistant black leather uppers and waterproof lining, and go through independent testing at the U.S. Navy Clothing and Textile Research Facility, said Douglas Tulino, USPS vice president of labor relations. Certified footwear gets reevaluated every three years to ensure it meets industry standards."

USPS workers receive a $400 per year stipend for uniforms, which include shirts, pants, jackets, shoes, and other clothing. The approved shoes cost more than a quarter of the stipend. Buying several pairs per year means workers bear the costs of keeping themselves safely shod.

The upshot of the NIOSH study is a recommendation "that USPS clarify the certification process," "more clearly identify and report shoe-related accidents," and conduct "a nationwide review of accident reports to see if the sole deterioration problem extends beyond the Boston area to all letter carriers wearing the green tag shoes." *http://www.govexec.com/management/2017/08/beyond-rain-and-snow-postal-workers-must-also-worry-about-their-shoes/140434/?oref=govexec_today_nl*.

Not So Ready for School

Parents began shopping for school earlier than usual this year, but they, like their children, seem to be dragging their feet on finishing the process. The average family had 45% of the necessary items earlier this month, according to the National Retail Federation's (NRF) annual survey conducted by Prosper Insights & Analytics. "That number is down from the peak (52%) in early August 2013 and 48% at the same time last year, and it's also the lowest level since the 40% logged in 2012, according to the study, which was emailed to *Retail Dive*."

Reasons for the slow start vary. A majority (61%) may need a teacher-issued back-to-school list. The NRF survey shows school requirements influence 41% of electronics purchases (down from 45% last year). Many parents are watching for sales on critical supplies, including in-store promotions (33%), newspaper advertising (29%), coupons, and sales and promotions (43%), according to the NRF study.

The NRF and Prosper say 61% of consumers needed to purchase school supplies as of early August, followed by clothing (51%) and shoes (33%).

Last minute shopping could be finished online. A.T. Kearney found a 15% increase in online back-to-school shopping. Read more at *http://www.retaildive.com/news/back-to-school-shoppers-waiting-but-spending-more-too/503270/*.

Briefs

Staples, newly acquired by private equity owner, Sycamore Partners, will split up the office supplies seller by spinning off retail operations from the corporate sales unit. Staples has filed the details with the Securities and Exchange Commission.

The company could split as well its U.S. retail business and Canadian retail businesses into two separate Sycamore-affiliated entities. Post-spinoff these affiliated units would be run and managed independently. The North American Delivery unit would include Staples Advantage and *Quill.com.*

Staples drew the ire of USPS workers when it participated in a pilot program by offering services traditionally offered by postal workers at stores. Staples also sought to merge with Office Depot only to face federal opposition on antitrust grounds. *http://www.retaildive.com/news/staples-spinning-off-retail-business/449556/.*

Target will acquire Grand Junction, a San Francisco-based transportation technology company, to improve and expand delivery capabilities. The acquisition will help Target's supply chain, the company said in a blog post.

Grand Junction, is a software platform used by retailers, distributors, and third-party logistics providers to manage local deliveries through a network of more than 700 local and regional carriers. The two companies have been collaborating on a same-day delivery pilot in Tribecca. *https://corporate.target.com/press/releases/2017/08/Target-to-Acquire-Grand-Junction-to-Expand-and-Imp#.WZGlnRaQjFc.twitter.*

Thrive Market has signed on hundreds of thousands of members who pay an annual fee of $60 in exchange for competitively priced natural and organic groceries. Products include well-known brands like Plum Organics and Annie's Homegrown. Thrive offers a growing selection of private label goods—a selection that founder and co-CEO Gunnar Lovelace envisions growing from a current 15% to half of total sales in the coming years. Read more at: *http://www.fooddive.com/news/grocery—qa-how-thrive-market-became-the-countrys-hottest-online-natural-and-organic/448980/.*

Until recently, Amazon has not made universal its no-hassle returns policy for Amazon's Marketplace sellers. Now Amazon will require Amazon's third-party sellers to follow the same rules. All orders placed through the Marketplace will automatically be eligible for returns beginning as soon as Oct. 2.

Read about the marketplace sellers' reactions at *http://www.retaildive.com/news/will-amazons-new-return-policy-help-or-hurt-marketplace-sellers/449401/.*

South Carolina claims Amazon owes $12 million in state sales tax, from sales through its marketplace, according to various reports. Amazon currently collects sales taxes from all states that have such taxes. The South Carolina matter focuses on sales made by vendors using Amazon's third-party marketplace. *(See BMR 08/28/2017, p. 1.)* South Carolina is not alone in pursuing vendors, including Amazon's marketplace, for sales taxes when a vendor's inventory is stored within a state at an Amazon fulfillment center. *http://www.retaildive.com/news/amazon-reportedly-owes-125m-in-taxes/449528/.*

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