

## CONSUMER SAFETY TECHNOLOGY ACT

MAY 10, 2024.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mrs. RODGERS of Washington, from the Committee on Energy and Commerce, submitted the following

### R E P O R T

[To accompany H.R. 4814]

The Committee on Energy and Commerce, to whom was referred the bill (H.R. 4814) to direct the Consumer Product Safety Commission to establish a pilot program to explore the use of artificial intelligence in support of the mission of the Commission and to direct the Secretary of Commerce and the Federal Trade Commission to study and report on the use of blockchain technology and digital tokens, respectively, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

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The amendments are as follows:

Strike all after the enacting clause and insert the following:

**SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

(a) **SHORT TITLE.**—This Act may be cited as the “Consumer Safety Technology Act”.

(b) **TABLE OF CONTENTS.**—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.  
Sec. 2. Definitions.

**TITLE I—ARTIFICIAL INTELLIGENCE AND CONSUMER PRODUCT SAFETY**

Sec. 101. Short title.  
Sec. 102. Pilot program for use of artificial intelligence by Consumer Product Safety Commission.

**TITLE II—BLOCKCHAIN TECHNOLOGY INNOVATION**

Sec. 201. Short title.  
Sec. 202. Study on blockchain technology and its use in consumer protection.

**TITLE III—TOKEN TAXONOMY**

Sec. 301. Short title.  
Sec. 302. Findings.  
Sec. 303. Report on unfair or deceptive acts or practices in transactions relating to tokens.

**SEC. 2. DEFINITIONS.**

In this Act—

- (1) the term “consumer product” has the meaning given such term in section 3(a) of the Consumer Product Safety Act (15 U.S.C. 2052(a));
- (2) the term “Secretary” means the Secretary of Commerce; and
- (3) the term “token” means a transferrable, digital representation of information recorded on a blockchain or other distributed ledger technology.

## **TITLE I—ARTIFICIAL INTELLIGENCE AND CONSUMER PRODUCT SAFETY**

**SEC. 101. SHORT TITLE.**

This title may be cited as the “AI for Consumer Product Safety Act”.

**SEC. 102. PILOT PROGRAM FOR USE OF ARTIFICIAL INTELLIGENCE BY CONSUMER PRODUCT SAFETY COMMISSION.**

(a) **ESTABLISHMENT.**—Not later than 1 year after the date of the enactment of this Act, the Consumer Product Safety Commission shall establish a pilot program to explore the use of artificial intelligence by the Commission in support of the consumer product safety mission of the Commission, as described in section 2(b) of the Consumer Product Safety Act (15 U.S.C. 2051(b)).

(b) **REQUIREMENTS.**—In conducting the pilot program established under subsection (a), the Commission shall do the following:

- (1) Use artificial intelligence for at least 1 of the following purposes:
  - (A) Tracking trends with respect to injuries involving consumer products.
  - (B) Identifying consumer product hazards.
  - (C) Monitoring the retail marketplace (including internet websites) for the sale of recalled consumer products (including both new and used products).
  - (D) Identifying consumer products required by section 17(a) of the Consumer Product Safety Act (15 U.S.C. 2066(a)) to be refused admission into the customs territory of the United States.
- (2) Consistent with section 6 of the Consumer Product Safety Act (15 U.S.C. 2055), consult with the following:
  - (A) Technologists, data scientists, and experts in artificial intelligence and machine learning.
  - (B) Cybersecurity experts.
  - (C) Members of the retail industry.
  - (D) Consumer product manufacturers.
  - (E) Consumer product safety organizations.
  - (F) Any other person the Commission considers appropriate.

(c) **REPORT TO CONGRESS.**—Not later than 1 year after the conclusion of the pilot program established under subsection (a), the Consumer Product Safety Commission shall submit to the Committee on Energy and Commerce of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate, and make publicly available on the website of the Commission, a report on the findings and data derived from such program, including the extent to which the use of artificial intelligence improved the ability of the Commission to advance the consumer product safety mission of the Commission.

## TITLE II—BLOCKCHAIN TECHNOLOGY INNOVATION

### SEC. 201. SHORT TITLE.

This title may be cited as the “Blockchain Innovation Act”.

### SEC. 202. STUDY ON BLOCKCHAIN TECHNOLOGY AND ITS USE IN CONSUMER PROTECTION.

#### (a) IN GENERAL.—

(1) **STUDY REQUIRED.**—Not later than 1 year after the date of the enactment of this Act, the Secretary of Commerce, in consultation with the Federal Trade Commission and any other Federal agency the Secretary determines appropriate, shall complete a study on the possible uses of blockchain technology for consumer protection purposes, including preventing or mitigating fraud and other unfair or deceptive acts or practices.

(2) **REQUIREMENTS FOR STUDY.**—In conducting the study required by paragraph (1), the Secretary shall examine—

(A) existing and emerging uses of blockchain technology that could help protect consumers, including by preventing or mitigating fraud and other unfair or deceptive acts or practices within the meaning of section 5 of the Federal Trade Commission Act (15 U.S.C. 45);

(B) trends in the commercial use of and investment in blockchain technology to prevent or mitigate fraud and other unfair or deceptive acts or practices as described in subparagraph (A);

(C) best practices in facilitating public-private partnerships in blockchain technology to prevent or mitigate fraud and other unfair or deceptive acts or practices as described in subparagraph (A);

(D) potential benefits and risks related to the use of blockchain technology to prevent or mitigate fraud and other unfair or deceptive acts or practices as described in subparagraph (A);

(E) possible modifications to Federal regulations that could encourage the use of blockchain technology to prevent or mitigate fraud and other unfair or deceptive acts or practices as described in subparagraph (A); and

(F) any other relevant observations or recommendations related to the use of blockchain technology for consumer protection purposes, including preventing or mitigating fraud and other unfair or deceptive acts or practices as described in subparagraph (A).

(3) **PUBLIC COMMENT.**—In conducting the study required by paragraph (1), the Secretary shall provide opportunity for public comment and advice relevant to conducting the study.

(b) **REPORT TO CONGRESS.**—Not later than 6 months after the completion of the study required by subsection (a)(1), the Secretary shall submit to the Committee on Energy and Commerce of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate, and make publicly available on the website of the Department of Commerce, a report that contains the results of such study.

## TITLE III—TOKEN TAXONOMY

### SEC. 301. SHORT TITLE.

This title may be cited as the “Digital Taxonomy Act”.

### SEC. 302. FINDINGS.

Congress finds that—

(1) it is important that the United States remains a leader in innovation;

(2) tokens and blockchain technology are driving innovation and providing consumers with increased choice and convenience;

(3) the use of tokens and blockchain technology is likely to increase in the future;

(4) the Federal Trade Commission is responsible for protecting consumers from unfair or deceptive acts or practices, including relating to tokens;

(5) the Commission has previously taken action against unscrupulous companies and individuals that committed unfair or deceptive acts or practices involving tokens; and

(6) to bolster the Commission’s ability to enforce against unfair or deceptive acts or practices involving tokens, the Commission should ensure staff have appropriate training and resources to identify and pursue such cases.

**SEC. 303. REPORT ON UNFAIR OR DECEPTIVE ACTS OR PRACTICES IN TRANSACTIONS RELATING TO TOKENS.**

Not later than 1 year after the date of the enactment of this Act, the Federal Trade Commission shall submit to the Committee on Energy and Commerce of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate, and make publicly available on the website of the Commission, a report on—

- (1) any actions taken by the Commission relating to unfair or deceptive acts or practices in transactions relating to tokens;
- (2) any other efforts of the Commission to prevent unfair or deceptive acts or practices relating to tokens; and
- (3) any recommendations by the Commission for legislation that would improve the ability of the Commission and other relevant Federal agencies to further protect consumers from unfair or deceptive acts or practices in the token marketplace.

Amend the title so as to read:

A bill to direct the Consumer Product Safety Commission to establish a pilot program to explore the use of artificial intelligence in support of the mission of the Commission and to direct the Secretary of Commerce and the Federal Trade Commission to study and report on the use of blockchain technology and tokens, respectively.

PURPOSE AND SUMMARY

H.R. 4814, the Consumer Safety Technology Act was introduced by Representative Soto on July 20, 2023, and referred to the Committee on Energy and Commerce. H.R. 4814 directs the Consumer Product Safety Commission (CPSC) to establish a pilot program to explore the use of artificial intelligence in support of the mission of the Commission and to direct the Secretary of Commerce and the Federal Trade Commission (FTC) to study and report on the use of blockchain technology and tokens, respectively.

BACKGROUND AND NEED FOR LEGISLATION

The CPSC is charged with protecting the public from unreasonable risks of injury or death associated with the use of the thousands of types of consumer products under the agency’s jurisdiction.<sup>1</sup> The CPSC has various tools to support its consumer product safety mission but faces growing challenges. The CPSC has jurisdiction over more than 15,000 consumer products used in and around the home, in recreation, in schools, and more.<sup>2</sup> In addition, international trade and technological advances have further expanded the range of products in the market, making overseeing and regulating consumer products even more complex.<sup>3</sup> Changing consumer trends, including the rise of online shopping, requires the CPSC to increase its efforts to protect consumers from unsafe e-commerce shipments entering the United States.<sup>4</sup>

Artificial intelligence (AI) and machine learning, a subset of AI, have vast potential benefits. It is important that the United States act as a global leader in this space. H.R. 4814 ensures that the CPSC studies AI and related technologies, pilots their use in the

<sup>1</sup>United States Consumer Product Safety Commission, *About CPSC*, ([www.cpsc.gov/About-CPSC](http://www.cpsc.gov/About-CPSC)) (accessed January 10, 2024).

<sup>2</sup>Recalls.gov, *Your Online Source for Recalls* ([www.recalls.gov/cpsc.html](http://www.recalls.gov/cpsc.html)) (accessed January 10, 2024).

<sup>3</sup>United States Consumer Product Safety Commission, *Strategic Plan 2018–2022* (2017).

<sup>4</sup>United States Consumer Product Safety Commission, *CPSC e-Commerce Assessment Report*, (Nov. 2019).

agency’s day-to-day functions, and understands the ways AI tools could be used to protect the public against unreasonable risk of injury or death from consumer products.

Blockchain technology and tokens are two closely related emerging technologies with new benefits and risks for consumers. For example, blockchain has the potential to benefit many industries through its ability to track of transactions accurately, securely, and efficiently.<sup>5</sup> It is important for agencies to understand how these properties could be used in new ways to protect consumers from fraud and other unfair or deceptive acts or practices. At the same time, blockchain technology and tokens come with new risks for consumers.<sup>6</sup> Blockchain technology and tokens are not well understood by consumers and some users may choose to act maliciously if that provides greater rewards.<sup>7</sup> Federal agencies must understand the ways blockchain technology and tokens could be used to provide benefits to consumers and how they could be used by bad actors for unfair or deceptive acts or practices.

H.R. 4814 is needed to help ensure our consumer protection agencies stay up to date with emerging technologies and to encourage the use of emerging technologies such as AI and blockchain in support of product safety and consumer protection.

#### COMMITTEE ACTION

On June 7, 2023, the Subcommittee on Innovation, Data, and Commerce held a hearing on blockchains and distributed ledger technologies. The title of the hearing was “Building Blockchains: Exploring Web3 and Other Applications for Distributed Ledger Technologies.” The Subcommittee received testimony from:

- Professor Carla L. Reyes, Associate Professor of Law, SMU Dedman School of Law;
- Professor Hasshi Sudler, Professor and Chief Executive Officer, Villanova University College of Engineering and Internet Think Tank, Inc.;
- Ryan Wyatt, President, Polygon Labs; and
- Ross Schulman, Senior Fellow, Decentralization, Electronic Frontier Foundation.

On September 27, 2023, the Subcommittee on Innovation, Data, and Commerce held a hearing on H.R. 4814. The title of the hearing was “Proposals to Enhance Product Safety and Transparency for Americans.” The Subcommittee received testimony from:

- Kathleen Callahan, Owner, Xpertech Auto Repair;
- Scott Benavidez, Chairman, Automotive Service Association;
- Steven Michael Gentine, Counsel, Arnold & Porter, LLP;
- John Breyault, Vice President of Public Policy, Telecommunications and Fraud, National Consumers League; and

<sup>5</sup> Business Insider India, *The Growing List of Applications and Use Cases of Blockchain Technology in Business and Life*, (Mar. 2, 2020) (<https://www.businessinsider.in/finance/news/the-growing-list-of-applications-and-use-cases-of-blockchain-technology-in-business-and-life/articleshow/74447275.cms>).

<sup>6</sup>United States Federal Trade Commission, *Know the Risks Before Investing in Cryptocurrencies* (Feb. 16, 2018) ([www.ftc.gov/news-events/blogs/business-blog/2018/02/](http://www.ftc.gov/news-events/blogs/business-blog/2018/02/)).

<sup>7</sup>Dylan Yaga, Peter Mell, Nik Roby, Karen Scarfone, *Blockchain Technology Overview*, U.S. Department of Commerce National Institute of Standards and Technology (October 2018), <https://nvlpubs.nist.gov/nistpubs/ir/2018/NIST.IR.8202.pdf>.

◦ David Touhey, Principal, Connett Consulting, appearing on behalf of International Association of Venue Managers.

On November 2, 2023, the Subcommittee on Innovation, Data, and Commerce met in open markup session and forwarded H.R. 4814, without amendment, to the full Committee by voice vote.

On December 5 and 6, 2023, the full Committee on Energy and Commerce met in open markup session and ordered H.R. 4814, as amended, favorably reported to the House by a record vote of 45 yeas and 0 nays.

#### COMMITTEE VOTES

Clause 3(b) of rule XIII requires the Committee to list the record votes on the motion to report legislation and amendments thereto. The following reflects the record votes taken during the Committee consideration:

**COMMITTEE ON ENERGY AND COMMERCE  
118TH CONGRESS  
ROLL CALL VOTE #26**

**BILL:** H.R. 4814, Consumer Safety Technology Act

**AMENDMENT:** A motion by Chair Rodgers to order H.R. 4814 favorably reported to the House, as amended. (Final Passage)

**DISPOSITION:** **AGREED TO**, by a roll call vote of 45 yeas and 0 nays.

REPRESENTATIVE	YEAS	NAYS	PRESENT	REPRESENTATIVE	YEAS	NAYS	PRESENT
Rep. Rodgers	X			Rep. Pallone	X		
Rep. Burgess	X			Rep. Eshoo	X		
Rep. Latta	X			Rep. DeGette	X		
Rep. Guthrie	X			Rep. Schakowsky	X		
Rep. Griffith	X			Rep. Matsui			
Rep. Bilirakis	X			Rep. Castor	X		
Rep. Johnson	X			Rep. Sarbanes	X		
Rep. Bucshon	X			Rep. Tonko	X		
Rep. Hudson	X			Rep. Clarke	X		
Rep. Walberg	X			Rep. Cárdenas	X		
Rep. Carter				Rep. Ruiz	X		
Rep. Duncan	X			Rep. Peters	X		
Rep. Palmer				Rep. Dingell	X		
Rep. Dunn				Rep. Veasey	X		
Rep. Curtis				Rep. Kuster	X		
Rep. Lesko	X			Rep. Kelly	X		
Rep. Pence	X			Rep. Barragán	X		
Rep. Crenshaw	X			Rep. Blunt Rochester	X		
Rep. Joyce	X			Rep. Soto	X		
Rep. Armstrong	X			Rep. Craig			
Rep. Weber	X			Rep. Schrier	X		
Rep. Allen	X			Rep. Trahan	X		
Rep. Balderson	X			Rep. Fletcher			
Rep. Fulcher	X						
Rep. Pfluger	X						
Rep. Harshbarger	X						
Rep. Miller-Meeks	X						
Rep. Cammack	X						
Rep. Obernolte	X						

## OVERSIGHT FINDINGS AND RECOMMENDATIONS

Pursuant to clause 2(b)(1) of rule X and clause 3(c)(1) of rule XIII, the Committee held hearings and made findings that are reflected in this report.

## NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

Pursuant to clause 3(c)(2) of rule XIII, the Committee finds that H.R. 4814 would result in no new or increased budget authority, entitlement authority, or tax expenditures or revenues.

## CONGRESSIONAL BUDGET OFFICE ESTIMATE

Pursuant to clause 3(c)(3) of rule XIII, at the time this report was filed, the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974 was not available.

## FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

## STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII, the general performance goal or objective of this legislation is to direct the Consumer Product Safety Commission to establish a pilot program to explore the use of artificial intelligence in support of the mission of the Commission and to direct the Secretary of Commerce and the Federal Trade Commission to study and report on the use of blockchain technology and tokens, respectively.

## DUPLICATION OF FEDERAL PROGRAMS

Pursuant to clause 3(c)(5) of rule XIII, no provision of H.R. 4814 is known to be duplicative of another Federal program, including any program that was included in a report to Congress pursuant to section 21 of Public Law 111–139 or the most recent Catalog of Federal Domestic Assistance.

## RELATED COMMITTEE AND SUBCOMMITTEE HEARINGS

Pursuant to clause 3(c)(6) of rule XIII, the following related hearings were used to develop or consider H.R. 4814:

- On June 7, 2023, the Subcommittee on Innovation, Data, and Commerce held a hearing on blockchains and distributed ledger technologies. The title of the hearing was “Building Blockchains: Exploring Web3 and Other Applications for Distributed Ledger Technologies.” The Subcommittee received testimony from:
  - Professor Carla L. Reyes, Associate Professor of Law, SMU Dedman School of Law;
  - Professor Hasshi Sudler, Professor and Chief Executive Officer, Villanova University College of Engineering and Internet Think Tank, Inc.;
  - Ryan Wyatt, President, Polygon Labs; and



- Ross Schulman, Senior Fellow, Decentralization, Electronic Frontier Foundation.
- On September 27, 2023, the Subcommittee on Innovation, Data, and Commerce held a hearing on H.R. 4814. The title of the hearing was “Proposals to Enhance Product Safety and Transparency for Americans.” The Subcommittee received testimony from:
  - Kathleen Callahan, Owner, Xpertech Auto Repair;
  - Scott Benavidez, Chairman, Automotive Service Association;
  - Steven Michael Gentine, Counsel, Arnold & Porter, LLP;
  - John Breyault, Vice President of Public Policy, Telecommunications and Fraud, National Consumers League; and
  - David Touhey, Principal, Connett Consulting, appearing on behalf of International Association of Venue Managers.

#### COMMITTEE COST ESTIMATE

Pursuant to clause 3(d)(1) of rule XIII, the Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974. At the time this report was filed, the estimate was not available.

#### EARMARK, LIMITED TAX BENEFITS, AND LIMITED TARIFF BENEFITS

Pursuant to clause 9(e), 9(f), and 9(g) of rule XXI, the Committee finds that H.R. 4814 contains no earmarks, limited tax benefits, or limited tariff benefits.

#### ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

#### APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

#### SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

##### *Section 1. Short title*

Section 1 provides that the Act may be cited as the “Consumer Safety Technology Act.”

##### *Section 2. Definitions*

Section 2 defines key terms in H.R. 4814.

##### *Title I—Artificial Intelligence and Consumer Product Safety*

Title I requires the CPSC to establish a pilot program to explore the use of artificial intelligence by the CPSC. The pilot program must use artificial intelligence for tracking trends with respect to injuries involving consumer products, identifying consumer product

hazards, monitoring the retail marketplace for the sale of recalled consumer products, or identifying consumer products to be refused entry by United States customs. Title I also requires the CPSC to consult with cyber security experts, the retail industry, consumer product manufacturers, and consumer product safety organizations when establishing the program and to report to Congress no later than 1 year after conclusion of the pilot program on the findings and data derived from the program.

*Title II—Blockchain Technology Innovation*

Title II requires the Secretary of Commerce, in consultation with the FTC and any other federal agency it deems appropriate, to study the possible uses of blockchain technology for consumer protection purposes. In conducting the study, the Secretary must examine existing and emerging uses of blockchain technology to protect consumers, trends in the commercial use and investment in blockchain technology to help prevent fraud, best practices in facilitating public-private partnerships in blockchain technology to prevent fraud, and potential benefits and risks related to the use of blockchain technology to prevent fraud. The Secretary must provide an opportunity for public comment and submit a report to Congress that contains the results of the study.

*Title III—Token Taxonomy*

Title III includes Congressional findings and a requirement that the FTC submit a report to Congress on the actions taken by the FTC related to unfair or deceptive acts or practices in transactions relating to tokens, any efforts to prevent unfair or deceptive acts or practices related to tokens, and any recommendations for legislation that would improve the ability of the FTC and other relevant agencies to further protect consumers from unfair and deceptive acts or practices in the token marketplace.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

This legislation does not amend any existing Federal statute.

