



TECHNET
THE VOICE OF THE
INNOVATION ECONOMY

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March 14, 2022

The Honorable Dan Wolgamott
Minnesota House of Representatives
401 State Office Building
St. Paul, MN 55155

RE: TechNet opposition to HF 3724

Dear Leader Wolgamott:

I write on behalf of TechNet to express our **opposition to your HF 3724**. This bill, if enacted, would undermine the entire app delivery and development ecosystem while placing consumer data and privacy at considerable risk.

TechNet is the national, bipartisan network of technology CEOs and senior executives that promotes the growth of the innovation economy by advocating a targeted policy agenda at the federal and 50-state level. TechNet's diverse membership includes dynamic American businesses ranging from startups to the most iconic companies on the planet and represents more than four million employees and countless customers in the fields of information technology, e-commerce, the sharing and gig economies, advanced energy, cybersecurity, venture capital, and finance.

HF 3724 would destroy the existing app ecosystem that has allowed developers to access billions of global users while providing consumers with a safe, secure, and convenient place for users to search for apps. The benefits that app stores provide to developers and consumers include not only immediate access to billions of global users, but also the infrastructure necessary to support regular malware scanning, prevent restricted content like hate speech and sexual content, prevent spamming apps, and manage safe and secure payment activities. Without these resources that are available to all developers, the app market would be balkanized, confusing, and expensive for both developers and users.

In addition to the concerns regarding undermining the operation of app stores generally, each provision of this bill is of concern. The restriction on the use of exclusive modes of distribution would enable sideloading, the ability for people to download apps from websites that do not have the same levels of security protection as app stores from major operating systems and handset manufacturers. Users may be temporarily at higher risk until phones are scanned several hours later.

While not all platforms require exclusivity in distribution, removing the option for those who do employ this model eliminates choice for consumers and restricts opportunities for developers, who might prefer one model over the other. Further, removing this

option for those that do require exclusivity could undermine that platform's ability to provide a secure environment for its developer and user communities and threaten the security and privacy of their consumers.

Prohibiting in-app payment systems creates a situation that might not appear acceptable in other scenarios. What other business is expected to provide technical assistance, distribution, and marketing to a global customer base for free? Should a Major League Baseball ballpark be required to build bleachers outside of the stadium so fans can watch a baseball game from there? Perhaps the local hot dog stand should be required to allow patrons of a food truck to come and use their tables, condiments, and facilities to enjoy a Cobb salad during the lunch hour.

Finally, it is unclear how Minnesotans would benefit from this bill. Should Minnesota take this route of specifying how app stores can operate, it would undoubtedly lead to other states doing the same, but states rarely do things exactly the same. A foreseeable conclusion of this process would be a country of mini-app stores providing fewer choices, less safety, and more complexity for developers looking to launch their own apps.

The technology industry is fully committed to securing privacy and security for consumers and engages in a wide range of practices to provide consumers with control over their data. The success of our member companies hinges on their ability to build and maintain trust from their consumers, and choosing partners and platforms that ensure a secure environment is of paramount importance. HF 3724 would completely undercut those critical efforts and open up Minnesota to new privacy and cybersecurity risks.

Today's software ecosystems depend on strong privacy, security, and IP protections at the platform level. Proposals that require platforms to allow circumvention of these protections through sideloading would harm consumers and app economy competitors alike. We strongly urge you to not move forward with this bill or any similar attempts to undermine these critical protections.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tyler Diers', written in a cursive style.

Tyler Diers
Executive Director, Midwest
TechNet

