



March 8, 2022

**Testimony of Montana Williams  
Director, State and Local Public Policy  
Chamber of Progress**

**Illinois General Assembly  
SB 3417: Digital Distribution Platforms**

Good afternoon Chair Crowe and members of the committee,

My name is Montana Williams and I am the Director of State and Local Public Policy for the Chamber of Progress, a tech industry coalition promoting technology's progressive future. Our organization works to ensure that all Americans benefit from technological leaps. Our corporate partners include Apple and Google, but our partners don't have a vote or veto over our positions.

We ask this committee to please **oppose SB 3417**.

**First, the legislation violates the Dormant Commerce Clause of the United States Constitution.** The Dormant Commerce Clause gives Congress the exclusive power to regulate interstate commerce. Since Apple and Google's app stores are not confined to state lines, the state of Illinois does not have the power to regulate these interstate transactions.

**Second, the federal court ruling in last year's *Epic Games vs. Apple* case makes this legislation unnecessary.** Though this case is under appeal, the court's ruling provided a workaround for developers by giving them the ability for users to process payments directly through an apps' own payment systems. Several large developers announced their intent to utilize this option and are already planning ways to incentivize users to purchase digital goods and subscriptions directly through their apps.

**Third, this legislation is based on the argument that small developers are forced to pay 30% commission fees, which is simply not true.** Apple developers that earn less than \$1 million in annual sales do not pay more than 15%. Google developers pay no more than 15% for their first \$1 million in sales. But despite that, large, successful app developers like Match Group, Epic Games, and Spotify drafted bills like SB 3417 under the pretext of helping small developers – with the underlying goal of saving money on their app store commission fees and enhancing their own financial bottom lines.

These companies have traveled from state to state, cynically dangling to numerous states the prospect of relocating their companies and investing in the local economy if a state passes legislation like SB 3417. But these are nothing more than repeat empty promises, which will have little impact on Illinois app developers or the state's economy.

**Finally, SB 3417 will leave Illinois residents susceptible to the dangers of sideloading.**

Smartphones have become the safes and lockboxes of our generation, but this bill helps hackers and bad actors crack the code. According to the Threat Intelligence Report conducted by Nokia, Android devices -- which permit "sideloading" of apps outside of Google's app store -- made up almost 27% of all infected devices in 2020, while the iPhone, which prohibits app sideloading, made up less than 2%.

This bill eliminates centralized app distribution as well as the human and technical review needed to cut down on social engineering attacks. SB 3417 serves as an invitation for hackers to sift through and take private information off consumers' phones.

We hope you will join legislators in other states who have assessed the consequences of passing this legislation and **oppose SB 3417**. Thank you.