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**Testimony of Koustubh “K.J.” Bagchi
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**Rhode Island General Assembly
House Committee on Innovation, Internet, & Technology**

HB 7564: An act that prohibits certain providers of digital application distribution platforms from requiring that payments for the software application be made exclusively through a particular in-application payment system.

Good afternoon Chairperson Ruggiero and members of the House Committee on Innovation, Internet, & Technology:

My name is K.J. Bagchi and I am the Senior Director of Technology 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 urge your committee to **oppose HB 7564**.

First, this bill would give a free rein to malicious apps.

Many consumers in Rhode Island make the intentional choice to purchase an iPhone given its closed ecosystem and major safety and privacy features.

However, Section 1(a)(2) of this bill prohibits Apple from mandating that all apps be installed through its App Store. This opens the door to what is called “sideloading” on the iPhone and it would allow bad apps to bypass Apple’s App Store review process, which entails curation and review that Apple currently requires of all iPhone apps.

That may sound appealing, but it would undercut Apple’s ability to protect consumers from hate, scams, and propaganda apps.

- For example, following the January 6th insurrection, Apple kicked the right-wing social network Parler off the App Store.
- In 2018 Apple banned Infowars, the conspiracy app from Sandy Hook denier Alex Jones.
- And in the past few weeks, Apple banned the Russian propaganda apps RT and Sputnik from its app store.

Unfortunately, Section 1(a)(2) of this bill would give these apps – like Parler, Infowars, RT, and Sputnik – a guaranteed work-around to be installed on consumers' iPhones.

Consumers would be worse off if these malicious apps were able to bypass Apple's ability to keep any scam, malware, or hate app off the iPhone.

In recent months, other progressive stakeholders like Democratic U.S. Senator Alex Padilla, and public interest groups like the Center for Democracy and Technology and Free Press, have raised similar concerns about how a federal version of this bill would undermine online content moderation.

Second, a recent federal court ruling in the *Epic Games vs. Apple* case could make this legislation completely unnecessary. HB 7564 proponents including Epic Games, Spotify, and Match Group have vocally opposed Apple's 30% app store commissions. Yet, in the recently litigated *Epic Games v. Apple* case, District Court Judge Yvonne Gonzalez Rogers provided app developers with an important work-around to Apple's 30% commission: the ability for users to process payments directly through apps' own payment systems.

Though this case is under appeal, the court's ruling provided a workaround for developers. Several large developers including Match Group, 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.

Finally, 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%. In fact, according to Apple, as of January 2022, there are more than 500 app developers in Rhode Island who use the Apple platform and over 97% of them do not have to pay the 30% commission fee.

Google developers pay no more than 15% for their first \$1 million in sales. Google developers pay no more than 15% for their first \$1 million in sales. Relatedly, Google says 97% of developers that use their platform don't sell digital content and therefore pay no fees.

But despite that, large, successful app developers like Match Group, Epic Games, and Spotify drafted bills like **HB 7564** under the pretext of helping small developers – with the underlying goal of saving money on their own app store commission fees and enhancing their own financial bottom lines.

We hope you will oppose **HB 7564** and join legislators in other states who have assessed the consequences of passing this legislation and refused to intercede in what is basically a contractual dispute between large corporations.¹

Thank you.

¹ Arizona: 2/9/22 Failed House Judiciary vote (4-Y, 5-N, 1-NV); Florida: Died in committee; session adjourned sine die 3/14/22; Mississippi: Died 2/1/22, Failed to pass committee by deadline