

March 23, 2021



Re: HB 2005 will harm developers

Founded in January 2012, the Developers Alliance is a global industry association that supports software developers as entrepreneurs, innovators, and creators.

Dear Chairman Mesnard and Members of the Senate Commerce Committee:

DevelopersAlliance.org

On behalf of the Developers Alliance, I write to offer our views on how HB 2005 would undermine a thriving ecosystem of application developers and technology services that has helped the United States become the global leader of the app economy. The bill would create significant uncertainty in the market, destabilize a robust ecosystem of developers and consumers, and harm Arizona software developers.

policy@developersalliance.org

The Developers Alliance represents over 70,000 developers from 50 states and many countries including the EU, UK, Canada and Australia. We have provided testimony before the U.S. Congress, filed educational briefs at the U.S. Supreme Court, and have advocated for software developers for almost a decade. Our members believe that the current ecosystem is generally working well, allowing them to profitably reach consumers around the world.

The ecosystem around app stores frees-up developers to focus their work on harnessing software to build better lives, unburdening them from secondary activities such as setting up systems to collect and remit sales taxes, establishing fraud-proof payment systems, scanning their network for malware, protecting customer data, and managing engagement with users. While developers and app stores don't always agree, the system functions well and has been central to the success of local developers and their ability to scale and reach new markets. Developers are not asking for legislative help.

HB 2005 threatens an ecosystem that benefits both platform companies and developers by reducing the incentives for collaboration that drive our platform partners to create tools, services and educational support for emerging developer companies. Contrary to what we know from our discussions with developers in Arizona and across the country, the bill portrays our members as victims in a system of economic abuse. We fear that the rhetoric of "fighting for the little guy" is being used to advance the interests of a lobby that is neither small nor without its own influence. While we cheer the adversarial spirit that makes the software sector such a dynamic and innovative space, we are disappointed when our community is used to justify market distorting regulation in place of fair competition between large, successful companies.

Of equal significance, the bill's reach beyond Arizona threatens to add to a growing thicket of extraterritorial internet regulation, creating uncertainty for developers, deterring investment and innovation, and driving up costs. HB 2005's reach invites reciprocal overreach from other States and other countries, a real and growing crisis for our developers the world over. Each additional layer subdivides the potential market for Arizona's digital products, adds compliance costs, or worse still blocks Arizona companies from competing outside their home State for fear of overlapping and conflicting obligations.

The Developers Alliance appreciates the opportunity to engage with you on this important topic and looks forward to answering any questions you might have.

Sincerely,

Bruce Gustafson

Cc Governor Ducey, Senate President Fann