

Tuesday, February 9, 2021

Senate Industry, Business & Labor Committee SB 2333
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REP. KLEIN AND COMMITTEE MEMBERS:

My name is Jack McDonald. I'm appearing on behalf of the North Dakota Newspaper Association. It supports SB 2333 and ask you to give this a unanimous DO PASS.

I won't pretend to tell you I understand all the technical aspects of this bill because I don't. But I do know what it's intended to do – break the stranglehold Apple and Google have on mobile app distribution.

Local newspapers have always been –and continue to be – the major source of news for most North Dakotans. This traditionally has been through the printed page. However, as we constantly hear, times are changing, and they are for newspapers as well. Nearly all North Dakota newspapers now have digital or e-paper editions as well as their print versions.

Forum Communications has been a leader in this area, and this month subscriptions to its e-paper will surpass those to its print editions. It has also been a leader in developing its own apps to assist its subscribers in reading the e-paper and other Forum products.

While news outlets have several online options for reaching their consumers, including apps, newsletters, and podcasts, the greatest percent after the web is through mobile apps. In a Pew Research Center 2019 study about 46% of newspaper digital readers have apps for at least one of the two main mobile platforms, but down from the 57% in 2018. This is at least partly due to the exorbitant 30% fee charged by these platforms to offer app based subscriptions developed at the newspapers' time and expense. Passing this cost onto local newspaper readers would price the newspapers out of the market.

Most merchants charge a flat fee for the same service. But not Apple. Apple takes 30% of the sale of a \$25 newspaper subscription. It also takes

30% for the sale of a \$500 newspaper subscription. Thus, the more the publisher is able to charge for its service then the more Apple benefits, despite providing the same service.

What is also hard to understand is why Apple favors some apps over others with no explanation. High quality content apps, like local digital newspaper apps, are charged a 30% fee, while giant companies like Amazon are given discounts. This is a prime example of the big guys helping the big guys while the little guys suffer.

Under SB 2333 app providers such as our North Dakota newspapers would be able to use third party distribution platforms other than Apple or Google to distribute their apps to subscribers' devices such as phones and tablets.

The app providers (newspapers) could use whatever payment system they please – I believe that's called free enterprise in some circles – and not have to go through Google or Apple – regardless of where the app is distributed from – and thereby eliminating the 30% take.

For local papers to survive, we need fair treatment and negotiating power. This bill would give our local papers the access and opportunity to do that and to ensure we can continue to tell the stories important to North Dakotans into the digital age.

Please give this bill a Do Pass. Thank you for your time and consideration. I'd be glad to try to answer any questions you might have, but frankly there are others giving testimony this morning that have far more expertise in this area than me.