



March 15, 2022

Minnesota House of Representatives
Commerce Finance and Policy Committee
Via email

Re: Minnesota HF 1184

Dear Chairman Stephenson:

Background

Valve is a video game developer that operates Steam (www.steampowered.com), a distribution platform for personal computer (PC) games. There are more than 50,000 games available on Steam available for purchase or download by customers around the globe, and many developers use the Steam platform to distribute their PC games. Steam does not distribute mobile games.

Recently, Congress and state legislatures have begun looking into issues related to competition in mobile app stores operated by Apple and Google. Major companies like Epic Games, Spotify, and Match.com have formed an organization called the "Coalition for App Fairness." Their goal is legislation that would make it illegal under existing law for smartphone app stores such as Apple and Google to require the use of the store's payment methods, and legislation like this has already been introduced in 20 states across the country. Epic Games also brought a federal case asserting violation of US antitrust law. Those claims were rejected by the US District Court, and the case is now on appeal.

Why is the PC Industry Part of this Fight, When It Shouldn't Be?

HF 1184 targets the smartphone app stores operated by Apple and Google. However the language of the bill also sweeps in the already open PC software distribution ecosystem in ways that would negatively impact consumers and game developers across the country as well. At the same time, the bill excludes the game console stores (e.g. Xbox, PlayStation).

Unlike smartphones, the PC is an open platform with low barriers to entry. Major players with stores on the PC in addition to Epic Games include [Microsoft](#), [Amazon](#), [Electronic Arts](#), [Activision](#), [Ubisoft](#), [Roblox](#), [Gamers Gate](#), [CD Project](#), [GameFly](#), [Ziff Davis](#), [Green Man Gaming](#), [Itchio](#), and Valve. And many small and start-up companies run storefronts on the PC as well.

Valve is concerned that policy makers may not realize the impact of this bills as currently written. This bill would apply not only to Google and Apple and their mobile app stores, but to any PC software distribution business with a certain threshold of customers. This includes Valve and likely others.

Unlike the smartphone market, the PC software distribution industry is very competitive with many stores and many choices for consumers. Any customer with a PC may choose to buy from any store available on the internet. Developers who want to distribute their PC games online have many choices of distribution platforms. The language in HF 1184 would interfere with a healthy market, and would certainly change the rules of competition to the benefit of Epic Game's PC software distribution business, which is a primary Valve competitor.

The PC market does not raise barriers against new market entrants. Participants in the PC marketplace should be free to set their terms of business, and let competition win out.

HF 1184: An Act promoting competition among app stores

HF 1184 follows the model of "App Market" bills advanced in many states over the past year, and dictates rules for operating PC software stores, despite the open and competitive nature of the PC market. Valve urges the Committee to reject this bill as written

Sincerely,



Liam Lavery
Valve Corporation