

Fiscal Note

BILL # HB 2200

TITLE: ~~technical correction; municipal platting S/E~~
subject: digital application distribution platforms;
prohibitions

SPONSOR: Kaiser

STATUS: As Amended by House COM

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Description

HB 2200, as amended, would prohibit some digital application distribution platforms from requiring the exclusive use of in-application payment systems for Arizona developers or for users that are Arizona residents.

Estimated Impact

We are unable to estimate the fiscal impact of this bill.

The Attorney General has not yet provided an estimate of this bill.

Analysis

The bill addresses digital application distribution platforms for mobile device users, such as the Apple App Store and Google Play Store. Currently, these platforms require the exclusive use of in-application payment systems to make purchases of digital goods and services. The platforms then receive a commission on these sales. The platforms do not receive a commission on sales made by the developer outside of the in-application payment system, such as on the developer's website. Transaction privilege tax (TPT) is currently paid on sales of digital goods and services through digital application distribution platforms.

The bill would prohibit these platforms from requiring the exclusive use of in-application payment systems for developers domiciled in Arizona or for users that are Arizona residents.

There are several ways that this bill could have a fiscal impact. For example, if developers lower prices of digital goods and services and the aggregate demand remains unchanged, then TPT collections would fall and the bill would result in a reduction of General Fund revenue. On the other hand, if developers are incentivized to move to Arizona as a result of the bill's provisions, the bill could result in additional General Fund income and sales tax collections. However, we are unable to quantify the magnitude and net direction (increase or decrease) of these impacts.

Under this bill, the Attorney General would be responsible for bringing action on behalf of complainants. There may be some administrative costs associated with this provision. As noted above, the Attorney General has not yet provided an estimate of these costs.

Local Government Impact

Counties and incorporated cities and towns receive a portion of state TPT and income tax collections. We are also unable to quantify the magnitude and net direction (increase or decrease) of these local government impacts.

2/23/22

