

NetChoice

Promoting Convenience, Choice, and Commerce on The Net

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February 6, 2013

Rep. Nancy Johnson, Chairman
Political Subdivisions Committee
612 E Boulevard Ave
Bismarck, ND 58501

RE: **Opposition to HB 1448 - an Act to provide free electronic access to state-funded research**

Dear Chairman Johnson:

We encourage you to reject HB 1448 since it undermines the business models behind the high-quality content our industry relies upon to generate user engagement. Moreover, it sets a dangerous precedent for state confiscation of creative productions if they received relatively insignificant government funding.

The lifeblood of our industry is quality content that draws users to view, engage, and comment on our websites and online services. Articles, music, movies, photos, books, apps, and games generate traffic for websites which in turn attracts advertisers. This is how our industry can offer so much content and so many services to users at no charge.

While we are glad to republish free content, we nonetheless realize that quality content requires the effort of researchers, editors, re-touch artists, reviewers, and testers. And we know these professionals must have a business model that supports their work – or else they will not be able to work for long.

However, HB 1448 would deliberately undercut professionals' ability to recover their costs and investments. If state funding in any amount was involved in a research project, this bill would make that content freely available to the customers who would have otherwise paid for it or would have viewed it on websites where advertising revenue could be earned to compensate the creators.

We fail to see the justification to say that even a minor contribution of government funding would enable a claim on the full value of any content that used the original research. For example, if the state contributed funds to build a performing arts center, would all video and music productions created there be subject to free distribution by the state? Such an outcome would undercut incentives for post-

production work such as editing, peer review, color correction, and compilations with other creative works.

Moreover, it seems as if HB 1448 would codify an arbitrary determination that 6 months is adequate time for publishers and editors to recover their investments – before their work is freely distributed by the state. We'd be very interested to see the research that supports the bill's 6-month recovery period. We would also assume the length of any recovery period be proportional to the relative contribution of state funding versus total private sector investment in research, editing, and publication. At the very least, there should be adjustments for situations where the state's funding was incidental or insignificant.

We appreciate your consideration of our views, and please let me know if I can provide further information.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve DelBianco", with a long horizontal flourish extending to the right.

Steve DelBianco
Executive Director, NetChoice

cc: Members of the Committee

NetChoice is a trade association of e-Commerce businesses who share the goal of promoting convenience, choice and commerce on the Net. Learn more at www.netchoice.org