



Important Performance Tax News

From today's Inside Radio (Jan 23, 2009):

Royalty backers cue fight song.

It will be in weeks – not months – when radio's royalty fight will see a new round in the House Judiciary Committee as chairman John Conyers announces plans to bring the issue up for review. Supporters are urging colleagues to hold-off signing an NAB-backed resolution opposing a royalty.

The recording industry is bragging that they have made tremendous progress toward advancing a "performance tax" on the radio industry. Based on today's story in Inside Radio, they are working to chisel away some of the 227 Congressmen who cosponsored the "Local Radio Freedom Act" in the last Congress.

ABA members were successful in securing six of our seven Congressmen's support of HCR 244 last year. With a new Congress we have to start all over again. I'm very happy to report that Representatives Rogers and Bonner have already signed the Resolution. We need to pursue all the others, especially our new Congressmen - Representatives Bright and Griffith and Representative Davis who didn't sign on in the last round.

In addition, we need both Senators Shelby and Sessions to sign on as cosponsors of the Senate version of the Resolution.

Read further for details on HCR 244 and SCR 82.

**Protect Radio Stations from AnyNew Performance Tax
on Local Radio Broadcasters**

In support of local radio, Reps. Gene Green (D-TX-29) and Mike Conaway (R-TX-11) introduced H. Con. Res. 244, and Sens. Blanche Lincoln (D-AR) and Roger Wicker (R-MS) introduced S. Con. Res. 82, the "Local Radio Freedom Act," which recognizes the importance of local radio broadcasters and the significant services they provide to their local communities. These resolutions also express opposition to the imposition of a performance tax on local radio broadcasters. In the 110th Congress, the House resolution carried more than 218 cosponsors – a majority of the House of Representatives – and the Senate resolution had strong bipartisan support with 14 Senators signed on.

The big record labels are on Capitol Hill asking Congress to support the imposition of a new performance tax that would require local broadcasters to pay record labels and performers for the *free* music played on the radio. Broadcasters consider this new fee a performance tax that could financially hamstring local radio stations, stifle new artists trying to break into the recording business and harm the listening public who rely on local radio.

For more than 80 years, a symbiotic and mutually beneficial relationship has existed between radio and the recording industry. Record labels and performers have prospered from the free airplay by local broadcasters. From this free airplay, which touches 235 million listeners a week, the recording industry enjoys increased popularity, visibility and sales. In fact, 85 percent of listeners of all audio services identify radio as the place they first hear music.

Congress has long recognized the inherent value to record labels and performers from free radio promotion. For that reason, Congress has repeatedly declined to impose a performance tax on radio broadcasters. In fact, *every time* Congress has looked at this issue, it has rejected calls to impose such a tax on broadcasters. In 1971 and 1976, Congress considered and refused to grant a performance tax. In 1995, Congress again opted not to impose a performance tax on broadcasters so as not to jeopardize what Congress called "the mutually beneficial economic relationship between the recording and traditional broadcasting industries" (House Report 104-274, 1995).

In reality, the system in place today fairly compensates everyone. The free promotion that record labels and performers receive from radio airplay drives album, concert and merchandise sales, which ultimately results in compensation for performers and record labels. Local radio broadcasters are not the reason the recording industry is losing money, and local stations and listeners should not bear the burden of fixing it. The existing system is in fact the epitome of fairness for all parties: free music for free promotion. It has allowed American music and the recording industry to thrive and grow, and has allowed local radio broadcasters to better serve their communities.

Make the "ask"...

Call or email your Congressman and Senators to ask:

"Will you cosponsor House Concurrent Resolution 244 (or Senate Concurrent Resolution 82) and oppose the imposition of any new performance tax on local radio broadcasters?"

Contact Information for Alabama Congressmen and Senators

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If you live/work in Representatives Rogers or Bonner's Districts, please email or call to thank them for adding their name to the "Local Radio Freedom Act" - HCR 244.

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