

A PERFORMANCE TAX THREATENS LOCAL JOBS

The issue:

Congress should not mandate a new performance tax on free, local radio stations that would jeopardize local jobs, prevent new artists from breaking into the recording business and harm the hundreds of millions of Americans who rely on local radio.

- Broadcasters urge legislators to **support the Local Radio Freedom Act** (H. Con. Res. 13, S. Con. Res.), which opposes a performance tax and is supported by 119 bipartisan members of the House of Representatives.
- Legislators should oppose the so-called American Music Fairness Act (H.R. 791, S. 253), which would impose new fees on local radio stations.

Here's why:

For nearly a century, record labels and performers have thrived from airplay – which is essentially free advertising – from local radio stations. But as the big record labels struggle to keep profit margins high, they are urging Congress to impose a tax on local radio stations.

- Each Congress, the record labels push policymakers to impose a new fee on local radio stations simply for airing music. This would financially cripple local radio stations, **harming the millions of listeners who rely on local radio** for news, emergency information, weather updates and entertainment every day.
- Radio's free promotion is **worth more than \$2.4 billion annually** to record labels. Local radio continues to be a top source for listeners seeking new music, far surpassing other sources.
- Free radio airplay provides the recording industry increased popularity, visibility and sales for both established and new artists. Radio promotion includes concerts and festivals, on-air interviews and social media marketing.

Recognizing the value of free radio airplay, Congress has repeatedly rejected the record labels' attempts to impose a harmful performance tax on local radio stations.

- **The Local Radio Freedom Act** opposes any new tax, fee or royalty on local radio stations, and has garnered strong bipartisan support in previous congresses.
- In stark contrast, performance tax proposals, such as the so-called American Music Fairness Act (AMFA), have struggled to gather support because legislators understand the devastating effects they would have on local radio.
- Local radio broadcasters urge Congress to **support the LRFA and reject the AMFA** or any legislation that would impose a new performance fee on radio.

Broadcasters have consistently demonstrated good faith in working with the record labels to try to resolve the performance tax issue through industry discussions.

- In the last several years, numerous private deals have been negotiated that provide further compensation to copyright owners and performers while enabling radio to innovate in new spaces, demonstrating the ability of the marketplace to address the issue.

The bottom line:

Congress should not enact a new performance fee on local radio; it should protect local radio listeners by supporting the Local Radio Freedom Act.

- Broadcasters stand ready to work with Congress and the recording industry on a balanced music licensing proposal that promotes innovation and recognizes the benefit of radio's free, locally-focused platform.

BIG TECH'S BUSINESS PRACTICES THREATEN LOCAL JOURNALISM

The issue:

From investigative reports to breaking news and weather coverage, broadcasters invest significant resources to keep Americans informed. Local radio and TV stations provide a lifeline for our communities, but the dominance of Big Tech platforms is threatening the future of local journalism.

- While misinformation runs rampant on social media, local **broadcasters provide “just the facts” reporting** – the most trusted news to communities.
- Due to the overwhelming size and power of Big Tech giants, such as Facebook and Google, they can serve as gatekeepers of online content, exerting power over what news Americans access and how advertisers reach them.
- The market power of Big Tech dwarfs local TV and radio stations, posing major threats to broadcasters’ advertising revenue. This revenue is what allows stations to invest in quality local journalism.

Go deeper:

Stations Rely on Advertising Revenue to Produce Local News

Local journalism requires significant investment, with some **broadcast stations spending one third (or even more) of their total expenses on news costs.**

- Broadcasters rely heavily on advertising revenue to produce and support local news and invest in online platforms to be available everywhere.

Tech Platforms Divert Ad Revenue and Resources from Local Stations

Tech giants exert enormous influence over what online content is eligible to be monetized. These platforms control the share of revenue they retain and the amount passed on to news publishers that ironically bear the costs of producing the quality journalism that financially benefits Big Tech.

- Local broadcasters see at best a **little more than half of the revenue from video ads** on YouTube, and Facebook reportedly offers the same revenue share for instream ads.
- A report focusing on Google Search and Facebook News Feed found that local **broadcasters lose almost an estimated \$2 billion annually** by providing their content to these platforms.¹
- Because of the size and power of Big Tech, their policies are almost always “take-it-or-leave-it.” There is little power to negotiate because broadcasters would lose access to hundreds of millions of consumers if they declined to publish their content on these platforms.

Tech Giants Act as Gatekeepers, Controlling What Users See on Their Platforms

Digital platforms control the technologies that power search and content discovery.

- Whether consumers use search engines, social networks, voice or video platforms, or even broadcasters’ own apps to access news and other content, decisions made by a few dominant tech giants hamper local stations’ ability to connect with their audiences online.
- **Big Tech platforms’ algorithms can change the rankings of search results**, favor certain news sources over others and often steer users towards controversial content over high-quality journalism.

BIG TECH'S BUSINESS PRACTICES THREATEN LOCAL JOURNALISM (CONTINUED)

A Troubling Trend: The Loss of Local News

Tech giants' individual advertising revenues far surpass the ad sales of the entire broadcast television and radio industry. Yet, these digital behemoths are allowed largely unregulated and unfettered growth while local stations continue to be subject to archaic rules governing their scale and scope.

- Without action by policymakers, TV and radio stations may face the same future as other local media and be forced to cut back or even eliminate their investment in local news.
- Without someone to shine a spotlight on local government, health care, education, environment and business development, there is **less accountability in communities and a less informed electorate**. This has been proven to decrease voter turnout and civic engagement.

The bottom line:

Congress should support laws and policies that uphold broadcasters' unique and essential role in democracy and a free press, ensure their ability to compete in the current media marketplace and encourage them to continue to produce high-quality local news.

- Congress should pass the bipartisan **Journalism Competition and Preservation Act (JCPA)** (H.R. 1735, S. 673, 117th Congress) to allow broadcasters and other news publishers to jointly negotiate with dominant digital platforms regarding the terms and conditions by which their content may be accessed online.

1. "Economic Impact of Big Tech Platforms on the Viability of Local Broadcast News," BIA Advisory Services, 2021

ENCOURAGE DIVERSITY IN BROADCASTING

The issue:

The National Association of Broadcasters (NAB) supports initiatives to improve diversity in broadcasting and create new opportunities for women, people of color and other underrepresented communities.

- Unfortunately, recent data shows **only single-digit broadcast station ownership by women and people of color**. Access to capital continues to be a barrier to diverse ownership.

Why it matters:

During the 117th Congress, legislation was introduced that would help women, people of color and underrepresented voices realize their dreams of owning a radio or television station.

- **The Expanding Broadcast Ownership Opportunities Act** (H.R. 4871, 117th Congress) was introduced in the House by **Rep. G.K. Butterfield (NC-01)** and **Rep. Steven Horsford (NV-04)**.
- **Sens. Gary Peters (MI)** and **Robert Menendez (NJ)** introduced the Broadcast Varied Ownership Incentives for Community Expanded Service Act, also known as the **Broadcast VOICES Act** (S. 2456, 117th Congress), in the Senate.

These legislative efforts would **reinstate a diversity tax certificate program** at the Federal Communications Commission (FCC), which broadcasters support.

- First established in 1978, the FCC program provided a tax incentive to those who sold their majority interest in a broadcast station to diverse individuals.
- From 1978 to 1995, the program was highly effective in leveling the playing field for underrepresented broadcasters, **increasing diverse ownership in broadcast stations by more than 550%**.
- Unfortunately, Congress repealed this program in 1995. **Broadcasters opposed this repeal** because of the program's dramatic and positive impact.
- The tax certificate has proven to be an effective mechanism for bringing more women and people of color into station ownership and assisting with addressing the access to capital issue.
- In addition to NAB, these bills were supported by Asian Americans Advancing Justice (AAJC), Hispanic Federation, League of United Latin American Citizens, Multicultural Media, Telecom and Internet Council (MMTC), National Association of Black Owned Broadcasters (NABOB), National Urban League and the United States Black Chambers.
- Additional supporters included nine former FCC chairs: **Newton N. Minow** (1961-1963), **Richard E. Wiley** (1974-1977), **Reed E. Hundt** (1993-1997), **William E. Kennard** (1997-2001), **Michael K. Powell** (2001-2005), **Michael J. Copps** (2009), **Julius Genachowski** (2009-2013), **Mignon Clyburn** (2013) and **Tom Wheeler** (2013-2017).

The bottom line:

Congress should pass legislation to ensure increased access to capital and diverse representation in broadcast station ownership, such as the Broadcast VOICES Act and Expanding Broadcast Ownership Opportunities Act.

NEXT GENERATION TELEVISION IS ON THE HORIZON

The issue:

Broadcasters are focused on the future of television and are already serving more than half the country with NEXTGEN TV. As television stations continue to invest in new technologies to benefit viewers, the **Federal Communications Commission (FCC) should maintain a reasonable, flexible framework for NEXTGEN TV deployment.**

Here's why:

The next generation of broadcast television technology can deliver lifesaving advanced emergency alerting, stunning pictures, immersive and customizable audio and improved reception to enhance viewers' experience.

- Because the new technology combines the best features of broadcast television and broadband, NEXTGEN TV **allows local stations to better personalize their broadcasts** with information and interactive features to give viewers the most relevant content.
- NEXTGEN TV also **supports enhanced mobile reception**, so viewers can access unlimited live local and national news, the most popular sports and entertainment programs and children's shows on mobile devices over the air without having to rely on cellular data services.
- That means viewers will not run through their data cap, and there is **no monthly fee** – broadcast TV is free.

In 2017, the FCC voted to allow broadcasters to use the NEXTGEN TV standard on a voluntary basis.

- Since then, stations using the new NEXTGEN TV standard are continuing to broadcast in the current standard so that viewers with older TVs can still access the station's signal.
- Broadcasters have launched NEXTGEN TV in **more than 60 markets** with further deployments rolling out in 2023 and beyond.
- NEXTGEN TV requires no additional spectrum or government subsidies.

The bottom line:

As broadcasters move to unleash the next generation of free broadcast television, Congress and the FCC should support its quick rollout and enable stations to provide the absolute best services for broadcast viewers.

JOIN THE CONGRESSIONAL BROADCASTERS CAUCUS

The bipartisan Congressional Broadcasters Caucus, founded in 2020, educates legislators about broadcast-related issues and the importance of local television and radio stations to their constituents.

- **Reps. Tom Emmer (MN-06)** and **Brendan F. Boyle (PA-02)** are founders and co-chairs.
- The Caucus **addresses issues important to television and radio stations**, including their trusted local journalism.

Broadcasters have a rich history of representation within the halls of Congress and throughout the executive branch.

- In the 117th Congress, nearly two dozen members of Congress had a background in broadcasting, not to mention countless others who have served in prior terms.
- Members **do not need experience or a background in broadcasting** to join the Caucus.

Join today:

For more information on joining the Caucus, contact Lizzy Fallon with Rep. Tom Emmer at Lizzy.Fallon@mail.house.gov or Gianluca Nigro with Rep. Brendan Boyle at Gianluca.Nigro@mail.house.gov.