

A Performance Tax Threatens Local Jobs

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The issue:

Congress should not mandate a performance tax on free, local radio stations that would jeopardize local jobs, prevent new artists from breaking into the recording business and harm the more than 265 million Americans who rely on local radio.

Broadcasters urge legislators to stand up for their local radio listeners by cosponsoring the Local Radio Freedom Act, which opposes a performance tax.

Here's why:

For more than 80 years, record labels and performers have thrived from radio 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 that are, ironically, their greatest promotional tool. Legislation backed by the record labels has been introduced in Congress to impose a new fee on local radio stations, simply for airing music on the radio. A performance tax could 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 in music sales, concert tickets and merchandise to record labels. Here's how:

- Local radio continues to be the 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 upcoming artists.
- Promotion by local radio goes beyond the music to include concert and festival promotion, on-air interviews and social media marketing.

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

Broadcasters have worked with bipartisan leaders in the House and Senate to introduce the Local Radio Freedom Act, which opposes any new tax, fee or royalty on local radio stations. The legislation – H. Con. Res. 17, led by Reps. Mike Conaway (TX-11) and Gene Green (TX-29), and its companion, S. Con. Res. 4, led by Sens. John Barrasso (WY) and Heidi Heitkamp (ND) – currently has more than 250 cosponsors, including a bipartisan majority of the House of Representatives.

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In previous Congresses, broadcasters demonstrated good faith in working with the record labels to try to resolve the performance tax issue through private discussions. Yet musicFIRST, representing the big record labels and performers, rejected compromise and walked away from negotiations. Since that time, numerous radio companies and record labels have negotiated private deals of their own that compensate copyright owners and performers, demonstrating the ability of the marketplace to best address the issue.

Broadcasters are firmly opposed to a government-imposed performance tax, but stand ready to work with Congress on a balanced music licensing proposal that promotes innovation and recognizes the benefit of radio's free, locally-focused platform to artists and listeners.