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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 hundreds of millions of Americans who rely on local radio.

Broadcasters urge legislators to support the Local Radio Freedom Act, which opposes a performance tax, and that last Congress was supported by more than 250 bipartisan members of the House and Senate. Additionally, broadcasters ask legislators to oppose any performance tax proposal.

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 these local radio stations that are, ironically, their greatest promotional tool.

Each Congress, the record labels push policymakers to impose a new fee on local radio stations simply for airing music on the radio. 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 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 new artists. Promotion by local radio goes beyond 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. Efforts to attach a performance tax to consensus legislation that benefits all stakeholders, such as the Music Modernization Act, have failed once exposed as the poison pill it is.

The Local Radio Freedom Act (H. Con. Res. 33, S. Con. Res. 9), which opposes any new tax, fee or royalty on local radio stations, historically enjoys strong bipartisan support in both chambers. In stark contrast, performance tax proposals have struggled to gather supporters in Congress because members of Congress understand the devastating effect they would have on local radio. This is every bit as true for the 117th Congress's so-called American Music Fairness Act, which would hit radio broadcasters at a time when they're struggling to recover from the financial impact of the pandemic.

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A Performance Tax Threatens Local Jobs

Broadcasters have consistently demonstrated good faith in working with the record labels to try to resolve the performance tax issue through private discussions. In the last several years, numerous radio companies and record labels have negotiated private deals that compensate copyright owners and performers, demonstrating the ability of the marketplace to best address the issue.

The bottom line:

Please stand up for your local radio listeners by supporting the Local Radio Freedom Act, which opposes a performance tax. Congress should not enact a government-imposed performance tax on local radio. Broadcasters stand ready to work with Congress and the music industry on a balanced music licensing proposal that promotes innovation and recognizes the benefit to artists and listeners of radio's free, locally focused platform.