

Proposed Radio Performance Tax

The recording industry is lobbying Congress to impose what radio broadcasters have labeled a performance tax. Right now, stations pay songwriters and composers copyright royalty fees to air their music, but stations pay no fees to music performers. Radio stations air music free of charge and the performers earn money from the sales of music—either on CDs or with downloads. The record labels and performers want the Congress to require radio stations to pay performance fees.

Radio broadcasters are already experiencing significant decreases (10 – 40%) in revenue because of competition from new media and the current economic down-turn. We believe adding a new tax at this time would significantly hurt many stations, including ours.

Contrary to the record labels' misrepresentations, we believe this bill is less about benefitting the artists and more about rewarding the big record labels by funneling potentially billions to these companies based overseas. At least 50 percent of a performance tax would go straight into the pockets of the record labels.

- For more than 80 years, a mutually beneficial relationship has existed between radio and the recording industry. Record labels and performers have prospered from the free airplay by local broadcasters. In fact, 85% of listeners of all audio services identify radio as the place they first discovered new music.
- We believe charging a performance tax to radio stations will discourage stations from playing music from new artists.

Over the years Congress has recognized the inherent value of free radio promotion to record labels and performers, which a former Stanford economist estimated to be valued at \$1.5 – 2.4 billion in music sales annually. For that reason, Congress has repeatedly declined to impose a performance tax on radio broadcasters.

We believe the system in place today fairly compensates everyone – free play for free promotion. The proposed performance tax will cost radio stations hundreds of millions of dollars and will particularly hurt noncommercial radio stations like ours. Many Representatives and Senators have been approached by music labels and artists to support the tax, but they need to hear from listeners like you too. Should you wish to study more fully the bills, copy the following into your browser click here for texts [http://www.noperformancetax.org/clips/CONYER_bill.pdf for the House bill and http://www.noperformancetax.org/clips/Leahy_S379.pdf for the Senate bill].

Should you wish to express your opinions regarding this matter to your Representative or Senator, you can locate the appropriate person by clicking on www.thomas.gov which will lead you to their contact information. If you want them to side with this radio station and reject the performance tax, you can ask your Representative them to cosponsor H. Con. Res. 49, The Local Radio Freedom Act, which current has 160 bipartisan cosponsors. As we understand it, there is no similar resolution in the Senate.

Thanks.

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