



For Immediate Release
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Performance Royalty Rates Topic of Discussion on Capitol Hill *House Judiciary Subcommittee Considers Value of Music for Broadcasters*

WASHINGTON D.C. – As the House Judiciary subcommittee meets today to discuss legislation that would require AM and FM radio to pay performance royalty fees to artists for the first time, the SaveNetRadio coalition urges Congress not to lose sight of the larger issue. The current royalty statute requires digital radio providers (cable, satellite, and Internet radio) to pay dramatically different royalty rates based on the technology used to deliver programming - ranging from between 6 and 8 percent of annual revenue for satellite and cable providers to more than 40% of revenue for Internet webcasters.

“The radio market has evolved and grown, but the royalty structure has failed to keep up,” said Jake Ward, a spokesperson for the SaveNetRadio campaign. “The current royalty structure is a patchwork of rates and statutes that arbitrarily benefits some while hampering others. The Internet radio market is broken, the industry is fighting for its survival, and any discussion of performance royalties that does not include Net radio will fall well short of reaching a solution. We urge this Committee and this Congress to take a wider, more technologically balanced approach to establish a competitive market and platform parity that will benefit artists and the music industry as a whole.”

BACKGROUND:

A March 2, 2007, decision by the Copyright Royalty Board (CRB), a division of the Library of Congress charged with establishing performance royalty rates for “digital radio” broadcasters, increased rates for webcasters by an unjustified and unprecedented 300 to 1200 percent.

Since the Copyright Royalty Board (CRB) increase royalty rates for webcasters 14 months ago, there has been an immediate and devastating effect on Internet radio services. Three of the most-listened-to services (AOL Radio, Yahoo! Radio and Pandora) have either left the business, limited listener access to their services, or announced they are likely to shut down in the near future if royalties are not significantly reduced. Just as importantly from the perspective of the artists that depend upon Internet

radio, the most recent Arbitron data demonstrates clearly that royalty-paying webcast listening has diminished substantially since the CRB decision.

Legislation introduced last year to correct the discrepancy between Internet radio and cable and satellite radio providers by establishing an equal rate for all digital radio – cable, satellite and internet radio – at 7.5% of revenue is still pending with more than 150 Congressional cosponsors. The Internet Radio Equality Act (S. 1353/H.R. 2060) was introduced in the U.S. Senate by Ron Wyden (D-OR) and Sam Brownback (R-KA) and in the House by Congressman Jay Inslee (D-WA) and Don Manzullo (R-IL).

For more information on the SaveNetRadio coalition visit www.savenetradio.org

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