

# 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.