

Senators propose bill to keep internet radio alive

by Bend_Weekly_News_Sources

U.S. Senators Ron Wyden (D-Oregon) and Sam Brownback (R-Kansas) on Thursday proposed legislation to keep Internet radio alive by vacating a Copyright Royalty Board (CRB) decision that could increase Internet radio sound recording royalties by 300 percent to 1,200 percent.

According to an Arbitron and Edison Media Research, 52 million people listened to Internet radio at least once a month in 2006. Bridge Ratings and Research predicts that number will double within three years and reach nearly 200 million by 2020.

July 15, when collection begins on the new royalty fees, literally will be the day the music died. Most Internet radio Webcasters will be driven out of business because of a massive retroactive royalty rate that is above total revenues for most in the business. For large Webcasters, the royalty increase could be between 40 percent and 70 percent of revenues. For small Webcasters the royalty increase could reach up to 1,200 percent of revenues.

Currently, terrestrial radio stations only pay royalties to songwriters. Internet radio and satellite radio pay royalties to both songwriters and record companies/recording artists. However satellite radio only pays royalties of 7.5 percent of their revenue. The Internet Radio Equality Act of 2007 corrects the enormous disparity created by the CRB by putting Internet radio on par with satellite radio. Additionally, the legislation would create special royalty rules for the Webcasting arms of non-commercial broadcasters like National Public Radio and college radio to ensure they are not left out of reaching new listeners on the Internet.

“Our bill is about standing up for folks ranging from a small Webcaster in a basement in Corvallis to an innovative startup in Beaverton to a new band trying to be heard in Portland to a huge music fan in Coos Bay,” Wyden said. “Keeping Internet radio alive is part of a broader issue that is important to me -- keeping the e-commerce engine running by preventing discrimination against it.”

“I am alarmed by the recent Copyright Royalty Board decision and the effect it will have on Internet radio especially small Webcasters with limited revenue streams. I am hopeful that with this bipartisan legislation Internet radio will continue to flourish,” said Brownback, a member of the Senate Judiciary Committee.

“Jefferson Public Radio joins with all our public radio colleagues in thanking Senators Wyden and Brownback for introducing legislation that will permit us to continue to serve Weblisteners all across America,” said Ronald Kramer, Executive Director of Jefferson Public Radio in Ashland, Oregon. “The public service mission of public radio Webcasters enables programming diversity not available elsewhere. Without passage of Senators Wyden’s and Brownback’s legislation, the decision of the Copyright Royalty Board will dramatically curtail the Webcast programming diversity we wish to continue providing.”

The legislation also will undo the prohibitive \$500 per channel minimum royalty fee set by the CRB. Wyden and Brownback noted that Internet radio is not limited by the number of "channels" available, as traditional radio is. Thus, while regular radio stations play a very limited number of mostly popular songs that have a mass audience, Internet radio "not confined by spectrum capacity" gives any artist or consumer the ability to have their own channel. This allows independent artists to have a medium to reach new and old fans and allows consumers to customize their own radio stations to their liking.

Wyden's and Brownback's bill will be the Senate companion to H.R. 2060, the Internet Radio Equality Act, introduced April 23 by U.S. Reps. Jay Inslee (D-WA) and Donald Manzullo (R-IL).

"This Titanic rate increase will sink many Webcasters if we don't act," said Inslee, a member of the House Energy and Commerce Subcommittee on Telecommunications and the Internet. "We need a more balanced rate structure that allows Internet radio to thrive, promotes media diversity and rewards artists for the use of their intellectual property."

"I applaud Senators Wyden and Brownback for taking leadership of this important legislation in the Senate so we can overturn these unfair royalty rates that threaten to bankrupt our small Webcasters and silence the music on the Internet," Manzullo said. "Since we introduced our legislation in the House two weeks ago, I have been inundated with messages from Internet radio listeners throughout the country thanking me for protecting this wonderful medium. This issue has ignited a flurry of passion from music lovers throughout our country, and I again thank Senators Wyden and Brownback for their efforts to help keep the music playing on the Internet."

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