

Oppose a Performance Tax on Local Radio Broadcasters

At the behest of the big record labels, legislation was introduced in the last two Congresses to impose a performance tax on local radio broadcasters. The Performance Rights Act would have imposed a devastating new tax on local stations simply for airing a performer's song on the radio. A performance tax, paid to performers and record labels, could financially cripple local radio stations and put jobs at risk, stifle new artists trying to break into the recording business and harm the listening public who rely on local radio.

The value of free radio promotion to record labels and performers is well recognized. Free, local radio touches 241 million listeners each week, a number that dwarfs the reach of both Internet and satellite radio. For more than 80 years, record labels and performers have thrived from radio airplay – which provides free promotion for their music concerts and merchandise.

Today, the record labels find themselves struggling because they have failed to adapt their business model to the digital age. As a result of these financial struggles, they seek to recoup revenues on the backs of local radio stations that are, ironically, their greatest promotional tool.

Contrary to the record labels' misrepresentations, the performance tax is less about benefiting the artists and more about rewarding the labels by funneling potentially billions of dollars to these companies that are based overseas. Under the Performance Rights Act, 50 percent of the fee would go straight into the pockets of the record labels.

In the 111th Congress, the Performance Rights Act was introduced by Rep. John Conyers (MI-14) and Sen. Patrick Leahy (VT). Although performance tax legislation has not been introduced in the 112th Congress, the Local Radio Freedom Act, a resolution expressing opposition to a performance tax, was introduced again this Congress by Reps. Gene Green (TX-29) and Mike Conaway (TX-11) in the House, and Sens. Ben Nelson (NE) and John Barrasso (WY) in the Senate. These resolutions are cosponsored by more than 190 members of the House and Senate.

This overwhelming opposition to a performance tax successfully prevented the Performance Rights Act from passing during the 111th Congress. During the 112th Congress, NAB continues to oppose any performance tax legislation on Capitol Hill, yet remains open to continued good faith discussions with the music industry to resolve this issue.

The existing system is the epitome of fairness for all parties: free play in exchange for free promotion. It has allowed American music and the recording industry to thrive and grow, and has allowed local radio broadcasters to better serve their communities.

Will you oppose a congressionally mandated performance tax on local radio stations that would jeopardize local jobs, prevent new artists from breaking into the recording business and harm 241 million Americans who rely on free radio?