

Protect TV Viewers and Allow Broadcasters to Continue Negotiating in the Free Market

Television viewers rely on broadcast programming. It is available to everyone, both free with an antenna and through pay-TV services, such as cable and satellite. Local stations are by far the most in demand on every pay-TV package sold. In fact, during the 2010-11 television season, broadcast shows dominated the primetime program rankings, accounting for 95 of the top 100 programs.

Congress recognized long ago the value of local broadcast signals. The 1992 Cable Act included the right for local television broadcasters to negotiate with cable operators in a free market for use of stations' signals (known as retransmission consent). Terms are agreed to by both parties in a private negotiation and can include cash payments, barter such as channel placement on the cable system and advertising on the station.

Prior to this law, cable operators used broadcast signals without stations' consent and resold the signals, making millions. In short, broadcast programming subsidized cable.

Pay-TV companies would like to return to an era when they did not have to negotiate with local stations and have tried to claim that the retransmission consent process is broken. But, the current process provides incentives for both parties to come to mutually beneficial arrangements. Broadcasters want to be included on pay-TV platforms that expose them to broad audiences, and pay-TV providers need the very popular content from local broadcasters.

Asking pay-TV companies to compensate local stations, as they do other content providers, is simply a matter of fairness – especially considering that costs to retransmit broadcast programming account for only two cents of every dollar of cable revenues.

Even with the highest viewer ratings of any television content, broadcast TV lags significantly in compensation. Broadcast programming has average ratings six times higher than cable, yet cable-owned programming receives compensation 10 times higher than broadcast TV.

Eliminating broadcasters' ability to negotiate for the value of broadcast signals would mean less choice for viewers and fewer dollars for stations to dedicate to local news, public affairs programming, coverage of emergency weather events and community activities.

Legislation has been introduced – H.R. 3675 and S. 2008 – that would remove fundamental TV carriage laws that are important to broadcasters, like retransmission consent. The bills jeopardize viewer access to quality local news, entertainment, sports and life saving weather warnings. These bills also put at risk the community-based information and entertainment medium that serves tens of millions of Americans each day, and supports close to 700,000 jobs across the country.

Congress and the FCC should allow broadcasters and pay-TV operators to continue to conduct private, market-driven negotiations for retransmission consent and avoid tilting the scales in favor of either party. Will you refrain from cosponsoring H.R. 3675 and S. 2008?