



# Allow Broadcasters to Continue Negotiating in the Free Market

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## The issue:

Congress and the Federal Communications Commission (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 entity. Government intervention will only disrupt a marketplace that has resulted in abundant programming choices and services for local television viewers.

## Here's why:

Congress has long recognized that local TV stations should be allowed to negotiate compensation with cable and satellite operators for the retransmission of their signals. Cable and satellite operators are then able to resell broadcast signals to subscribers, amounting to billions of dollars in profits. Despite having the highest-rated programming on television, broadcasters have routinely been the least compensated. The big pay-TV companies falsely claim broadcast retransmission fees are responsible for higher cable bills. The truth is, cable bills have risen faster than – sometimes double – the rate of inflation since the mid-1990s, long before broadcasters received cash compensation for their signals.

In spite of this, the big pay-TV companies would like Congress to upend the retransmission consent process and weigh in on private, market-based negotiations in order to reduce their programming costs. Pay-TV operators are simply attempting to avoid fairly compensating broadcasters, who produce the highest-rated content on television. The current free-market process provides incentives for both parties to come to mutually beneficial arrangements, which is why negotiations are completed with no service disruptions or fanfare the great majority of the time. And, in the rare instances that these negotiations resulted in a service disruption, two companies – AT&T/DIRECTV and DISH – were responsible for 86 percent of retransmission consent impasses in 2016.<sup>1</sup>

Unfortunately, pay-TV companies continue to pursue changes to gain unfair leverage during carriage negotiations, including weakening or eliminating rules ensuring consumer access to broadcast programming on the basic tier and rules that guarantee local broadcasters can deliver and sustain programming in their local market.

Broadcasters strongly oppose government intervention that would upend the retransmission consent system, solely for the benefit of the big cable and satellite companies. The negotiation process is fair and market-driven. Eliminating stations' ability to negotiate for the value of their signals would mean less choice for viewers and fewer resources for stations to dedicate to local news, public affairs programming, emergency weather events and community activities.

<sup>1</sup> Source: SNL Kagan, "Retransmission Database: 2016"