

JANUARY 2020

Issue summary:

The Satellite Television Extension and Localism Act Reauthorization (STELAR) should be allowed to expire at the end of 2019 – the date that Congress intentionally chose for this temporary law to sunset. Not only are its provisions now unnecessary and ineffective, its history of reauthorization every five years harms viewers by allowing pay-TV companies to use them as pawns in a political game.

Here's why:

The Distant Signal License Harms Viewers by Denying Them Local Stations

When enacted 30 years ago, the distant signal license allowed nascent satellite television companies to better compete with big cable monopolies at a time when millions of Americans could not receive their local broadcast channels from cable or satellite. Congress allowed the satellite companies to temporarily serve those households with a broadcast station operating outside of the local community. Today, there is no technological impediment to delivering local station signals to all markets, and those satellite companies are now media behemoths: AT&T-DirecTV is a \$235 billion company and DISH is a \$17 billion company. Yet, AT&T-DirecTV continues to offer only out-of-town signals to viewers in 12 markets because it is more profitable for the company.

Pay-TV Companies Use the Five-Year Reauthorization of "Good Faith" Provision to Turn Viewers into Pawns

While broadcast service is freely available to those with an antenna, local TV stations negotiate with cable and satellite operators for the retransmission of their signals. This allows cable and satellite companies to resell broadcast signals to subscribers, amounting to billions in pay-TV profits. It also provides much needed compensation to broadcasters to reinvest in their news and daily operations.

During a time when broadcasters' trusted information is so critical to our communities, some pay-TV companies seem to be purposefully withholding their signals from viewers to force policy changes to retransmission consent law. Pay-TV efforts to manufacture a crisis of television service disruptions are encouraged every five years by STELAR's renewal, where they try to point to the good faith provision as a vital element that requires reauthorization simply to attach other provisions designed to undermine localism and increase pay-TV profits.

The truth is, broadcasters have every incentive to efficiently negotiate in good faith to allow the retransmission of their content to as many viewers as possible.



Narrow Satellite Legislation Should Expire as Congress Intended

The bottom line:

Reauthorization of STELAR hurts local viewers in two significant ways:

1. It allows AT&T-DirecTV to deny viewers in a dozen television markets of local news, weather and emergency information. Instead, the media giant is incentivized to bring in programming from a big city hundreds of miles away.
2. It encourages pay-TV companies to use viewers as pawns, manufacturing the perception that the retransmission consent system is broken by increasing the number of service disruptions. Utilizing the good faith provision, these companies are more focused on posturing for government regulators than resolving retransmission consent negotiations.

For these reasons, STELAR should be allowed to expire as Congress intended.