

David K. Rehr  
President and CEO



May 5, 2009

The Honorable John F. Kerry  
Chairman  
Senate Committee on Commerce, Science and Transportation  
Subcommittee on Communications, Technology and the Internet  
218 Russell Senate Office Building  
Washington, DC 20510

The Honorable John Ensign  
Ranking Member  
Senate Committee on Commerce, Science and Transportation  
Subcommittee on Communications, Technology and the Internet  
119 Russell Senate Office Building  
Washington, DC 20510

Re: Hearing on "The Future of Journalism"

Dear Chairman Kerry and Ranking Member Ensign:

On behalf of the nation's local broadcasters, I want to thank you for holding a hearing this week on the timely and important issue of the future of journalism. In light of the serious economic and other challenges currently facing America's electronic (as well as print) news organizations, Congress must be careful not to take any actions that would inadvertently undermine the ability of broadcast stations to serve their communities. In particular, Congress should avoid changes to the law that would threaten the viability of local stations by allowing the importation of duplicative programming from out-of-market television stations, or by imposing unnecessary burdens on the only locally licensed and oriented members of the electronic media.

Television and radio broadcasters provide a free, over-the-air service that reaches virtually every household in America, keeping local communities -- your constituents -- informed and connected. NAB's more than 8,300 member stations serve viewers and listeners throughout the country with entertainment and informational programming, including news and public affairs and vital emergency information. Television and radio stations are unique among electronic

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media, as they are the only outlets licensed to and focused on serving local listeners and viewers.

The transition to digital television and radio broadcasting is enabling local stations to improve their service to communities large and small. Stations are now able to offer multicast streams with additional diverse programming, including local news, sports and weather. Radio and television broadcasters are providing their programming to consumers over the Internet and are exploring ways to offer their programming via a range of mobile devices.

As representatives of the newspaper industry will also attest, competition in the 21st century digital media marketplace is relentless. Technological advancements and the explosion of media outlets have created an increasingly challenging economic environment for the production of quality news and information, especially local. The current economic crisis has only exacerbated the difficulties that broadcast stations face. Double-digit percentage declines in advertising revenue threaten to undermine the ability of television and radio stations to offer locally oriented services, including costly services such as local news.<sup>1</sup>

Obviously, in today's very difficult economic environment, there should be no changes in law and regulation that would further undermine the financial viability of local broadcast outlets. In particular, Congress must take care not to approve changes in the law disrupting the current structure of the television marketplace by permitting the indiscriminate importation of duplicative programming from out-of-market stations.

Proposals have been made that would allow subscription television providers (such as satellite or cable) to bring into local markets programming from distant broadcast stations located in other television markets (called designated market areas or DMAs). The importation of duplicative national programming (including network and syndicated programming) from out-of-market broadcast television stations would undermine the local, home-market stations' ability to attract viewers and advertisers. As a result, local stations would have fewer resources to serve their communities and provide local programming, such as news, weather alerts and

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<sup>1</sup> NAB has shown, in detailed studies submitted to the Federal Communications Commission (FCC), that the costs of providing local news continue to rise, while the cash flow and profits of a number of television stations decline, especially in medium and smaller markets. See, e.g., NAB Comments in MB Docket No. 06-121 (Oct. 23, 2006), at 89-97 and Attachment J; NAB Reply Comments in MB Docket 06-121 (Jan. 16, 2007), at 60-70 and Attachment; Smith Geiger, *Newsroom Budgets in Midsized (51-100) and Small Markets (101-210)* (Dec. 2002), attached to NAB Comments in MB Docket No. 02-277 (Jan. 2, 2003). The FCC has expressly recognized that "the ability of local stations to compete successfully" in the video marketplace has been "meaningfully (and negatively) affected in mid-sized and smaller markets," in large part due to the more limited advertising revenues available in smaller markets. *Report and Order and Notice of Proposed Rulemaking*, MB Docket No. 02-277, 18 FCC Rcd 13620, 13698 (2003).

other emergency information, and additional public affairs content.<sup>2</sup> Such a radical restructuring of the local television marketplace is not only unnecessary, it would be devastating to the financial viability of local stations – and their capability to serve local viewers – particularly given current economic conditions.

As your hearing this week will doubtless demonstrate, the continued production of high-quality local news and information is increasingly difficult due to serious and growing competitive and financial challenges. Particularly in light of current marketplace conditions, Congress should refrain from making changes to existing law and policies – including rules impacting the structure of local television markets – that would harm the ability of local broadcast outlets to serve their audiences. Undercutting the economic foundation of local stations by permitting pay television providers to import indiscriminately duplicative national television programming would in the end harm communities that depend on local broadcasting.

If you have any further questions on these matters or any other issues affecting local radio and television stations, please let me know. NAB is ready to assist you and other members of the subcommittee in its consideration of these important questions.

Best wishes.

Sincerely,

A handwritten signature in black ink that reads "David K. Rehr". The signature is written in a cursive, slightly slanted style.

David K. Rehr

cc: Chairman John D. Rockefeller  
Ranking Member Kay Bailey Hutchison

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<sup>2</sup> NAB notes that subscription television providers are already able, under existing law, to import the local programming (such as news and sports) of stations in distant DMAs. Thus, pay television providers, for example, may import the local news of a station located in a state capitol (such as Sacramento, Austin or Richmond) into other television markets in those states, even if hundreds of miles away.