

**Before the
Federal Communications Commission
Washington, D.C. 20554**

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| In the Matter of |) | |
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| Promoting Diversification of Ownership in |) | MB Docket No. 07-294 |
| the Broadcasting Services |) | |
| |) | |
| and |) | |
| |) | |
| Amendment of Part 1 of the Commission's |) | MD Docket No. 10-234 |
| Rules, Concerning Practice and Procedure, |) | |
| Amendment of CORES Registration System |) | |
| |) | |

**REPLY COMMENTS OF THE
NATIONAL ASSOCIATION OF BROADCASTERS**

The National Association of Broadcasters (NAB)¹ submits these reply comments concerning the Commission's proposal to create a new mechanism for obtaining FCC Registration Numbers (FRN) for purposes of filing ownership reports on FCC Form 323—the Restricted Use FCC Registration Number (RUFNRN).² As discussed below, NAB supports the Commission's goal of improving its data quality to better support measures to promote broadcast ownership diversity. We also believe application of the RUFNRN proposal to commercial broadcast stations is less burdensome and intrusive for filers than requiring

¹ The National Association of Broadcasters is a nonprofit trade association that advocates on behalf of local radio and television stations and broadcast networks before Congress, the Federal Communications Commission and other federal agencies, and the courts.

² *Promoting Diversification of Ownership in the Broadcasting Services*, MB Docket No. 07-294, Seventh Further Notice of Proposed Rulemaking; *Amendment of Part 1 of the Commission's Rules, Concerning Practice and Procedure, Amendment of CORES Registration System*, MD Docket No. 10-234, Second Further Notice of Proposed Rulemaking, FCC 15-19 (rel. Feb. 12, 2015) (*Notice*).

social security number-based FRNs in all circumstances. We also urge the Commission to act expeditiously on past proposals by NAB and others to streamline Form 323 filing requirements. As observed in the *Notice*, use of the RUFNR will facilitate such streamlining without sacrificing data quality.³ Finally, NAB urges the Commission to give careful consideration to the concerns raised by several noncommercial broadcasters in this proceeding.

DISCUSSION

Soon after it adopted an obligation for parties with attributable interests in broadcast licensees to obtain an FRN,⁴ the FCC also adopted Special Use FRNs (SUFNRs), which did not require personally identifiable information.⁵ SUFNRs were intended for use where a licensee filing its Form 323 could not obtain a traditional FRN from an attributable interest holder despite good faith efforts to do so.⁶ At that time, the FCC stated that SUFNRs would be available only on an interim basis.⁷ The Commission in 2013 proposed to eliminate SUFNRs and sought comment on alternatives that would allow it to improve the quality of its data-gathering efforts.⁸

³ *Notice* at ¶ 27.

⁴ *Promoting Diversification of Ownership in the Broadcasting Services*, Report and Order and Fourth Further Notice of Proposed Rulemaking, MB Docket No. 07-294 et al., 24 FCC Rcd 5896 (2009) (*Form 323 Order*).

⁵ *Media Bureau Announces Online Availability of Revised Biennial Form 323, an Instructional Workshop on the Revised Form, and the Possibility of Obtaining a Special Use FRN for the Form*, MB Docket No. 07-294, Public Notice, 24 FCC Rcd 14329 (Med. Bur. 2009) (*Form 323 PN*).

⁶ *Form 323 PN* at 2.

⁷ *Id.* at 2 (“We note that Special Use FRNs are an interim measure to ease the transition to use of the revised form.”).

⁸ *Promoting Diversification of Ownership in the Broadcasting Services*, Sixth Further Notice of Proposed Rulemaking, 28 FCC Rcd 461, 461-2 ¶ 2 (2013) (*Sixth Diversity Further Notice*).

The *Notice* proposes to create RUFNRs, which would allow a person with an attributable interest in a broadcast station to obtain an FRN using his/her full name, residential address, date of birth, and last four digits of his/her social security number.⁹ Thus, the proposal would require some personally identifiable information allowing the Commission's databases to uniquely identify individuals, but would avoid the requirement to provide a full social security number.

The *Notice* states that use of RUFNRs will better support the Commission's data-gathering and policy making initiatives. In particular, the Commission believes by enabling its database to uniquely identify parties reported on FCC Form 323, use of RUFNRs will promote more "reliable and usable data in support of policy initiatives promoting diverse ownership."¹⁰ NAB shares the Commission's goal of developing better data and information regarding ownership diversity, as well as developing policies to promote more diverse ownership. To the extent that the RUFNR proposal supports this broader mission, NAB supports its adoption for commercial broadcasters. NAB urges the Commission to take meaningful actions to promote ownership diversity in the near term.¹¹

Adoption of the RUFNR approach for commercial broadcasters also reflects a better balancing of affected interests than simply eliminating the SUFRN and mandating traditional FRNs in all cases.¹² A system that mandates the use of full social security numbers could deter individuals with concerns about their personal data privacy and security from

⁹ *Notice* at ¶ 20.

¹⁰ *Notice* at ¶ 19.

¹¹ See, e.g., Reply Comments of NAB, MB Docket No. 09-182, et al., at 32-34 (Apr. 17, 2012) (identifying a variety of incentive-based programs to promote diverse ownership).

¹² *Notice* at ¶ 19 (the Commission wishes to balance its goals of improving data-gathering to support diversity initiatives against "the privacy, data security, and identity theft concerns of individuals with attributable interests in broadcast stations.").

investment or other involvement in ownership and management of broadcast stations.

RUFNRNs would provide a “safety valve” without compromising the quality of Commission data.

The Commission tentatively concludes that adoption of the RUFNRN also will enable it to adopt the proposed elimination of a filer’s obligation to disclose other attributable broadcast interests of attributable parties listed on Form 323, thereby reducing burdens on filers.¹³ NAB agrees that the FCC should take steps to reduce the burdens of filing Form 323. Such steps are consistent with the FCC’s obligations under the Paperwork Reduction Act,¹⁴ as well as the Commission’s goal of reducing the complexity of filing in order to improve the quality of its data.

NAB also has proposed several modifications to streamline ownership reporting on Form 323.¹⁵ In particular, we proposed that the FCC modify the electronic version of Form 323 in the consolidated database system to allow for cross-referencing of information on other reports.¹⁶ We further proposed certain clarifications to the form instructions.¹⁷ As the

¹³ *Notice* at ¶ 27.

¹⁴ See NAB Data Practices Reply Comments at 2 (citing 44 U.S.C. § 3506(c)(1)(A), (c)(2)(A), and (c)(3)(A)-(J)). The purposes of the PRA, as set forth in 44 U.S.C. § 3501, focus on reduction of information collection burdens. See 44 U.S.C. § 3501(1), (3), (10).

¹⁵ *Notice* at ¶ 27.

¹⁶ NAB Reply Comments, MB Docket No. 10-103, at 6-7 (Sept. 13, 2010)(NAB Data Practices Reply Comments). NAB noted that because the Form 323 does not allow cross-referencing, extensive ownership information on parent and intermediate companies’ forms must be repetitively filed on reports for each of the licensees in which they hold an attributable interest. The inability to cross-reference reports for entities holding interests in multiple licensees results in unnecessary complications, redundancies, and preparation time, particularly where there are complex ownership structures. Significantly, complex ownership structures are very common, even for entities that own only a single station or a small number of stations. For ease of reference, NAB is attaching its Data Practices Reply Comments hereto as Attachment A.

¹⁷ NAB Data Practices Reply Comments at 7-8. We proposed clarifications to Section II-B, Items 1, 3(a), and 3(c).

Notice explains, adoption of the RUFNRN will establish a “unique identifier to allow the filings to be electronically searched and cross-referenced within a single filing period and over time.”¹⁸ With this ease of cross-referencing, there is even less need to require duplicative material to be repeatedly re-entered by filers. NAB urges the Commission to adopt this modification, as well as the others we previously proposed.

NAB notes that several noncommercial educational (NCE) broadcast licensees have urged the Commission not to adopt an FRN requirement applicable to NCE stations. They explained that volunteer service on a board of an organization that holds an NCE broadcast license is fundamentally different from commercial broadcast station ownership, and that treatment of such board members as “owners” would detract from, rather than improve, the Commission’s ownership data analysis.¹⁹ NAB urges the Commission to carefully evaluate whether an FRN requirement for the filing of Form 323-E by NCE licensees will best serve its intended goals, and consider whether the potential burdens and deterrents discussed by NCE commenters outweigh the potential benefits of this approach.²⁰

¹⁸ Notice at ¶ 27.

¹⁹ See, e.g., Comments of Public Radio Regional Organizations, MB Docket No. 07-294, at 5-7 (Mar. 30, 2015) (explaining that NCE entities do not have individual or corporate “owners,” and arguing that “[c]ombining information about individuals who are not broadcast station owners detracts from the accuracy and usefulness of the data collected about ownership of commercial broadcast stations, because the data would be mixing two different sets of people – some of whom are owners and some of whom are not.”); Joint Comments of Public Broadcast Licensees, MB Docket No. 07-294 at 3-4 (Mar. 30, 2015) (while a position on the board of an entity that holds an NCE license is deemed “attributable” by the FCC, “none of these board members has any equity or other ownership interest in the licensee. They do not hold the FCC licenses, they do not own the facilities and, like the licensees they serve, they have no pecuniary interest in revenues or station trading.”).

²⁰ See, e.g., Comments of the Association of Public Television Stations, et al., MB Docket No. 07-294, at 7-9 (Mar. 30, 2015) (discussing how the FCC’s proposal would discourage and unnecessarily complicate NCE board participation); Joint Comments of Public Broadcast Licensees, MB Docket No. 07-294 at 3 (Mar. 30, 2015) (“It is an ongoing challenge for community group licensees to find qualified, committed individuals to donate their time and attention to station governance”).

CONCLUSION

Adoption of the RUFNRN reflects a better balancing of affected interests than eliminating the SUFRN and mandating social security number-based FRNs. NAB supports the RUFNRN proposal for commercial broadcast filings to the extent that it will help the Commission to promote broadcast ownership diversity and streamline its Form 323 filing requirements. The Commission also should improve its Form 323 reports by eliminating the need for filers to repeatedly submit duplicative information.

Respectfully submitted,

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ATTACHMENT A
NAB DATA PRACTICES REPLY COMMENTS

Given the FCC’s responsibility under the Paperwork Reduction Act (PRA) to minimize the paperwork burden on respondents, the Bureau appropriately inquired about the “utility and rationale for each of its existing data collections” and how to “reduce production burdens.” *Notice* at 1-2. The Bureau also sought comment on “additional data” that could inform FCC policy making, and ways it could improve data collection and analysis processes. *Id.* at 2.

II. The FCC’s Paperwork Reduction Act Obligations

Any inquiry about government data collection necessarily starts with the PRA. Prior to the adoption or revision of a collection of information, the PRA requires federal agencies to review each information collection and solicit public comment in order to evaluate whether the proposed collection is “necessary for the proper performance of the functions of the agency” and to “minimize the burden of the collection” on respondents.³ The PRA also requires agencies to certify that each collection of information, *inter alia*, (i) is “necessary” and “has practical utility”; (ii) is “not unnecessarily duplicative” of information otherwise accessible to the agency; (iii) to the extent practicable, reduces burdens on information providers, including by using information technology; and (iv) uses “plain, coherent, and unambiguous terminology and is understandable” to respondents.⁴ The Commission must consider the comments in this proceeding in light of these clear requirements for reducing burdens on information providers and ensuring that government data collections are necessary.

³ 44 U.S.C. § 3506(c)(1)(A), (c)(2)(A). The purposes of the PRA, as set forth in 44 U.S.C. § 3501, focus on reduction of information collection burdens. See 44 U.S.C. § 3501(1), (3), (10).

⁴ 44 U.S.C. § 3506(c)(3)(A), (B), (C), (D), (J).

III. Issues Raised by Commenters

Despite the requirements of the PRA, some data-gathering proposals submitted in the record fail to explain how the data requests are necessary, relevant to the proper performance of the functions of the FCC, or even related to any lawful regulatory purpose. For example, Professor Danilo Yanich requests that the FCC make available various “proprietary datasets,” including data compiled by BIA Financial, Television & Cable Factbook and Nielsen Media Research,⁵ claiming that this data is needed because “knowing the socio-demographic, economic and media system information of the DMAs is crucial to *making judgments about the content of newscasts*.”⁶ As an initial matter, the Commission lacks authority to appropriate the proprietary business information of private entities and make such information available for the convenience of private researchers. The Commission, moreover, has no proper regulatory role in making qualitative and/or content-based analyses about stations’ newscasts, and, indeed, could not do so consistent with the First Amendment.⁷ If Professor Yanich or other researchers are interested in analyzing the content of news, they are free to

⁵ Comments of Danilo Yanich in MB Docket No. 10-103 (Aug. 11, 2010) at 1.

⁶ *Id.* (emphasis added). See also Joint Comments of the Donald McGannon Communication Research Center and the Social Science Research Council, MB Docket No. 10-103 (Aug. 13, 2010) at 2 (citing articles that contend that content data is relevant to FCC analysis).

⁷ See, e.g., *Turner Broadcasting System, Inc. v. FCC*, 512 U.S. 622, 650-51 (1994) (FCC may not impose upon broadcasters “its private notion of what the public ought to hear”); *FCC v. League of Women Voter of California*, 468 U.S. 364, 378 (1984) (“broadcasters are entitled under the First Amendment to exercise the widest possible journalistic freedom consistent with their public duties”); *Office of Communication of United Church of Christ v. FCC*, 707 F.2d 1413, 1430 (D.C. Cir. 1983) (Congress “has explicitly rejected proposals to require compliance by licensees with subject-matter programming priorities”).

purchase data from private entities that gather and publish such data and use it for whatever academic purpose they choose.⁸

New America Foundation (NAF) also appears interested in having the FCC gather information for purposes that are not clearly connected to any particular regulatory activity.⁹ For example, NAF urges the FCC to construct and maintain for analysis a Diversity Index (or Community Information Needs Index). The Commission previously developed a Diversity Index for a very specific purpose – to guide the FCC’s decision making in its statutorily required periodic review of the broadcast ownership rules.¹⁰ Although NAF identifies a variety of research topics that theoretically could be addressed through the data included in such an index, it does not specifically explain the regulatory purpose for which this data would be relevant.¹¹

NAF’s proposal should be rejected, as no agency, consistent with the PRA, can collect information simply for its own sake. Gathering and maintaining data that may or

⁸ Similarly, Professor Yanich submits a detailed proposal under which the FCC – for a price of \$4.25 million to be paid annually to Yanich and a consortium of academics he selects – could obtain a “content analysis to determine the extent to which each station was in compliance with” the FCC’s television enhanced disclosure requirements. Comments of Danilo Yanich in MB Docket No. 10-103 (Aug. 11, 2010) at Attachment. Yanich’s proposal amounts to an unsolicited “bid” for a contract that the FCC has not yet offered for rules that are still under review. This proposal is also confusing on many levels, but especially with regard to a “content analysis” to “determine compliance” with enhanced disclosure rules and associated information collections that would raise serious constitutional questions.

⁹ See Comments of NAF in MB Docket No. 10-103 (Aug. 13, 2010) at 5-11.

¹⁰ See *2002 Biennial Regulatory Review*, Report and Order and Notice of Proposed Rulemaking, 18 FCC Rcd 13620 (2003). The cross-ownership rules developed using this Diversity Index were remanded to the agency in *Prometheus Radio Project v. FCC*, 373 F.3d 372 (3rd Cir. 2004), and the FCC has not utilized this Index in its subsequent reviews of the ownership rules.

¹¹ Indeed, NAF observes that the long-term importance of an index such as the FCC’s Diversity Index, “may not be in its continued application to policy questions.” Comments of NAF in MB Docket No. 10-103 (Aug. 13, 2010) at 9 (internal citations omitted).

may not be relevant to the development of any FCC rule or policy directly contravenes the PRA requirement that an information collection be “necessary for the proper performance of the functions of the agency” and be of “practical utility.”¹² Information collected without a clear and appropriate regulatory purpose is also, by definition, an unnecessary burden on respondents. Finally, to the extent that some parties’ comments raise substantive issues,¹³ such substantive matters are clearly beyond the scope of this limited data practices proceeding and should not be considered here.

IV. Improving the Efficacy and PRA Compliance of Broadcast Ownership Reports

In 2009, the Commission adopted an order substantially modifying its broadcast ownership reporting requirements.¹⁴ The Commission directed the Media Bureau to appropriately modify FCC Form 323, the Form’s instructions, and related aspects of the Consolidated Database System (CDBS) for electronic filing of the Form. Radio and television broadcast licensees were required to file ownership reports on the revised Form 323 by July 8, 2010.

NAB and broadcasters appreciate the Commission’s efforts to improve the quality and accessibility of data regarding minority and female owners, as well as the

¹² 44 U.S.C. § 3506(c)(3)(A).

¹³ See, e.g., Comments of Martin Kaplan, MB Docket No. 10-103 (Aug. 11, 2010) (seeking, *inter alia*, an RFQ for studies of the content of local news; new additions to the public file); Comments of Professor Rob Frieden, MB Docket No. 10-103 (Aug. 13, 2010) (advocating a more stringent FCC analysis of communications mergers).

¹⁴ *Promoting Diversification of Ownership in the Broadcasting Services*, Report and Order and Fourth Further Notice of Proposed Rulemaking, 24 FCC Rcd 5896 (2009) (*Form 323 Order*) (announcing changes designed to enhance the accuracy and comprehensiveness of the data collected, including expanding the filing requirement to include, for the first time, broadcast licensees who are sole proprietors and partnerships composed of natural persons and low power TV station licensees).

efforts of FCC staff to make technical and other improvements to the Form prior to the July 8 filing deadline. Based on NAB's inquiries with member broadcasters and their counsel, who now have practical experience with filing the revised Form 323, the Commission should consider further improvements prior to the next filing cycle. Below, NAB has provided examples of improvements to the Form that will allow the FCC to meet its intended goals, while reducing unnecessary burdens and duplicative collections inconsistent with the FCC's obligations under the PRA. While additional modifications may be needed, improving these aspects of the filing requirements and instructions will provide needed clarity and reduce the time, effort and cost associated with completing the Form, including for many small entities.¹⁵

A. Suggested Improvements for Form 323:

Issue: Because Form 323 does not allow cross-referencing to information on other reports, extensive ownership information on parent and intermediate companies' forms must be repetitively filed on reports for each of the licensees in which they hold an attributable interest. The inability to cross-reference reports for entities holding interests in multiple licensees results in unnecessary complications, redundancies, and preparation time, particularly where there are complex ownership structures. Significantly, complex ownership structures are very common, even for entities that own only a single station or a small number of stations.

Proposed modifications: Modify the electronic version of Form 323 in CDBS to allow for cross-referencing. NAB anticipates that this can be done in a manner that allows ownership information to remain searchable.

- An entity with several wholly-owned licensee subsidiaries should be able to list all of the licensees (and their respective stations) in Section I, Item 7. This would greatly reduce the number of reports that are identical in every respect except for the response to Section I, Item 7.¹⁶

¹⁵ See 44 U.S.C. § 3506(c)(3)(C) (agency must certify that each collection of information "reduces to the extent practicable and appropriate the burden" on respondents, "including with respect to small entities").

¹⁶ It also would be helpful to allow respondents to treat family trusts and estate planning trusts as "individuals." This could be accomplished in Section II-B, Item 3(a) by reporting the trust (the holder of the economic interest) separately from the trustee (the holder of

- Similarly, the FCC should consider whether Section II-B, Item 3(c) can be eliminated as duplicative. Respondents should not be required to identify stations licensed to other entities within a broadcast group in responding to this question. Interests in those stations will be disclosed in the ownership reports filed for the common parent entity. Because of the requirement to identify interest holders in Item 3(a) by FCC Registration Number (FRN), the identities of these interest holders are already verifiable. At the same time, responding to Item 3(c) is among the most burdensome aspects of completing the form.

B. Suggested Improvements for Form 323 Instructions:

Issue: Although the PRA explicitly requires that each collection of information be “understandable to those who are to respond,”¹⁷ certain aspects of the filing instructions for Form 323 are confusing and not discernible. In some instances, conflicting information is presented in the instructions. Where the instructions are unclear, filers may unknowingly take varied approaches in responding to questions, thereby undermining the FCC’s goal of capturing uniform information.

Proposed modifications: Improve the instructions to ensure clarity and consistency. For example:

1. Clarify Instructions for Section II-B, Item 1. On page 6 of the instructions, under Section II-B, Item 1, Contracts, the second column includes a paragraph that states:

Only Licensees and entities with a majority interest in or that otherwise exercise *de facto* control over a Licensee must respond to this question. All non-Licensee Respondents should select “Not Applicable” in response to this question.

The second sentence contradicts the first for non-licensee respondents that have majority interests in or exercise *de facto* control of a licensee. It is possible that varied interpretations were used by respondents. Improvements to the instructions will improve the consistency of the responses to Form 323.

2. Clarify Instructions for Section II-B, Item 3(a). Instructions for reporting Equity Debt Plus (EDP) interests caused countless hours of unnecessary work for many filers. Under the FCC’s EDP rule, an interest holder whose interests are normally not attributable is considered attributable under certain circumstances.¹⁸ The instructions

the voting interest). The use of family trusts is very prevalent among small broadcasters, and the requirement to file a separate Form 323 for each family trust greatly and needlessly increases the number of reports that must be filed.

¹⁷ 44 U.S.C. § 3506(c)(3)(D).

¹⁸ See 47 CFR 73.3555 Note 2(i).

(Section II-B, Item 3(a)), however, were not clear about whether EDP calculations should be performed when the EDP rule is not triggered. While FCC staff gave informal advice in telephone conferences that parties with already attributable interests should insert a "0" for the EDP field if EDP was not triggered, filers would be unaware of this unless they contacted staff for further guidance. As a result, many filers performed very time-consuming calculations and reported unnecessary information for all reporting parties. We suggest that the instructions be reworked to clarify that this information is not required where the EDP rule is not triggered.

3. Clarify Instructions for Section II-B, Item 3(c). Page 9 of the instructions directs respondents to "[l]ist any broadcast stations . . . in which the Respondent has an attributable interest." Yet, Item 3(c) asks whether "the Respondent or any person/entity with an attributable interest in the Respondent also holds an attributable interest in any other broadcast station." This discrepancy caused some confusion regarding the persons/entities who should be reported in Item 3(c), and respondents took a variety of approaches. It is unclear whether indirect or direct interests should be disclosed in Item 3(c). The instructions should be clarified.

These suggested changes would make the Form 323 more easily understandable and would help reduce burdens on respondents without reducing the utility of the information provided. Indeed, in many instances, the changes would improve the accuracy and uniformity of licensees' responses. Broadcast licensees' recent experiences with preparing and filing the revised Form 323 show that the above-described changes are warranted.¹⁹ It is NAB's understanding that, for example: a station group owner that filed eight or nine ownership reports previously had to file 61 reports in July 2008; one television station group was required to file 300 reports; the licensee of a single low power TV station had to file seven separate reports; and a low power TV group had to file approximately 130 reports, with attendant substantial legal

¹⁹ While it might seem that the burdens associated with filing these reports will be substantially reduced during the next filing cycle because filers can copy previously filed reports to create new ones, this does not sufficiently mitigate the filing burdens. Over the course of two years, many officers, directors, and attributable interest holders will change. Many (if not most) broadcasters will need to file entirely new reports, substantially revise spreadsheet data, and perform analyses involving new parties and different ownership structures.

costs. We were made aware that a medium-sized company spent 80 hours and in excess of \$50,000 on legal/consulting costs to complete its reports. The significant burdens imposed by, and duplicative and unclear data requests associated with, the revised Form demonstrate the need for making the minor changes proposed above, consistent with the FCC's PRA obligations.

V. Conclusion

In light of broadcast licensees' recent experiences in submitting the revised FCC Form 323 for the first time, NAB requests that the Commission reexamine the broadcast ownership report, with a view to clarifying instructions, reducing duplicative information and minimizing the burden on respondents, especially small entities. We further urge the Commission to evaluate the necessity and utility of the data requests made by certain commenters in this proceeding, and otherwise review its existing information collections, in light of the terms and purposes of the PRA.

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