

September 15, 2021



Representative Kathy Castor

2052 Rayburn House Office Building
Washington, DC 20515

Representative Steve Womack

2412 Rayburn House Office Building
Washington, DC 20515

Dear Representatives Castor and Womack,

As the founder, president and chief executive officer of Davis Broadcasting, a minority owned company operating radio stations in Columbus and Atlanta, Ga., I am writing to thank you for your leadership in opposing a performance tax on local radio stations. Local Radio Freedom Act sponsors' pledge to support broadcast radio on this issue is vital to the future of our station and preserving our ability to serve our community.

As you know, the American Music Fairness Act would require broadcast radio stations to pay a performance royalty every time they play a song over the air. Along with disrupting the decades-old symbiotic relationship between radio broadcasters and the music industry, this legislation would inflict significant harm on my stations and the thousands of other local radio stations that serve America's communities every day.

Under the AMFA, many radio stations and broadcast companies – including smaller stations and companies – would be subject to an annual performance fee of \$500 annually. This is designed to portray the performance fee as a nominal payment that would not disrupt the economics of smaller broadcasters, but nothing could be further from the truth. The AMFA contains no provision capping these reduced fees in perpetuity. From my experience in operating radio stations, I know that costs rarely stay the same or decrease over time. Instituting a performance fee – no matter how nominal at first – would most certainly lead to ever-rising fees over time, regardless of a broadcaster's size. Moreover, this bill considers the revenue of individual stations, as well as their parent companies, when determining which stations are subject to the lower rate. This would significantly reduce the number of stations that qualify for the annual \$500 fee.

A performance royalty could also put a lid on success and taper small broadcasters' dreams of growing their businesses. Broadcasters could decide not to acquire new stations if being subjected to larger performance royalties would make deals less financially sound or even make their entire operation unprofitable. In some cases, this might leave a radio station without a buyer and could lead to the return of its broadcast license. At a time when newspapers are closing and misinformation runs rampant online, it is imprudent to enact legislation that could leave communities with fewer sources of reliable information.

Even as small broadcasters seek growth opportunities, they will never reach the market size of the major record labels. Despite some who claim a performance royalty on local radio would help performing artists, the AMFA would largely benefit the record industry over individual musicians. That is because the contracts artists sign allow these record labels to receive the lion's share of royalties. For example, in the United Kingdom, a parliamentary committee recently found that musicians receive just 16% of royalties from streaming, with the vast majority

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going to the record labels.¹ Imposing a performance royalty on broadcast radio would take money from radio stations in local communities and transfer it to multinational corporations rather than benefit performing artists.

These renewed efforts to pass performance royalty legislation come as broadcasters are in a nascent recovery from the effects of the COVID-19 pandemic. Like many radio stations around the country, my stations invested in equipment, resources and safety measures to keep staff safe and on the air, even as advertising revenue suffered a steep decline. Despite these challenges, our stations continued their legacy of service to our listeners, friends and neighbors. We have held school supply drives and held interactive summits to help young people in our communities. We spotlighted influential female entertainers and difference-makers during Women's History Month, and broadcast public service announcements promoting worthwhile causes, including information about COVID-19 prevention. Today, we are promoting vaccine education and awareness through our English and Spanish-language stations, while providing local news and coverage of the many ways our community is coming back stronger.

Our community service is the calling card of what makes local broadcasters unique. Unfortunately, a performance royalty would cut into the financial resources radio stations set aside for their community service efforts, resulting in less assistance for the nonprofit organizations and charities that help those in need.

A broadcast radio performance royalty would cause undue hardship for broadcast radio stations such as mine, especially at a time when they can ill-afford further strain on their budgets. For these reasons, I am grateful for your sponsorship of the Local Radio Freedom Act and your work to oppose a performance royalty that would hurt local radio stations and our hundreds of millions of listeners.

Sincerely,

A handwritten signature in black ink that reads "Gregory Davis".

Greg Davis
President and CEO
Davis Broadcasting Inc.

¹ 'Maddy Shaw Roberts, "Musicians should receive 50/50 royalties from streaming services' – MPs condemn current '16%' rate", *ClassicFM*, July 15, 2021, <https://www.classicfm.com/music-news/musicians-should-receive-fair-royalties-from-streaming-services/>