



For Immediate Release
Thursday May 15, 2008

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INTERNET RADIO MAKES A COMEBACK IN THE SENATE

The Grassroots Movement to Save Internet Radio from Extinction is Reinvigorated by Senate Judiciary Committee – Brownback Offers Industry Saving Legislation

WASHINGTON D.C. – Legislation introduced in the House and the Senate last year to bring parity and equality to the new radio market made a comeback today during a Senate Judiciary mark-up. The Internet Radio Equality Act (IREA), which would establish a flat rate for performance royalty fees paid by cable, satellite and Internet radio providers, was offered as an amendment to the Orphan Works Act of 2008 (S. 2913) by Senator Sam Brownback (R-KS) during a scheduled mark-up of the intellectual property legislation today.

The amendment, which was later withdrawn, signals the renewed efforts of Net radio webcasters to reverse an unprecedented 2007 rate increase by the Copyright Royalty Board (CRB) that threatens to bankrupt the industry. Expressing his “strong support for internet radio,” Chairman Leahy welcomed future consideration of Internet radio royalties.

“It has been more than a year since the CRB raised the cost of webcasting to an untenable amount,” said Jake Ward, spokesperson for the SaveNetRadio campaign, “and all we are is a year older. Last year, more than two million people called on Congress to take action, and 150 Members in the House and Senate heard them and signed on in support of the Internet Radio Equality Act, but we still don’t have a solution. In the past year, rates have been set for net radio’s direct competition, satellite and cable radio providers, at a rate three and four times less than their proposals to Internet radio. It is disappointing and absurd that while Net radio is fighting for its survival, the industry has been put at an even greater disadvantage. This is unacceptable and hardly the good faith negotiations the House Commerce committee directed SoundExchange to participate in more than nine months ago.”

“Senator Brownback has been a staunch ally of small businesses and independent artists whose livelihoods depend on Internet radio since this fight began a year ago,” Ward continued. “The offering of the amendment today and Senator Brownback’s leadership and dedication to equality should serve as a reminder to other Members that Internet radio and its tens of millions of supporters are not going away

quietly. We should all be in this together. This continued battle is perplexing but we are committed to fighting for fairness – fairness for artists, fairness for independent labels, and fairness for webcasters. In the coming weeks and months, SaveNetRadio will be directing our formidable grassroots to support legislation that ensures artists are fairly compensated while leveling the playing field for webcasters.”

Following a March 2, 2007, decision by the Copyright Royalty Board (CRB), a division of the Library of Congress charged with establishing performance royalty rates for “digital radio” broadcasters, to increase rates for webcasters by an unjustified and unprecedented 300 to 1200 percent, a national coalition of webcasters, independent artists and Net radio listeners began petitioning Congress to take action. The Internet Radio Equality Act (S. 1353/H.R. 2060), which would set the rate for all digital radio – cable, satellite and internet radio – at 7.5% of revenue, was introduced in the U.S. Senate by Ron Wyden (D-OR) and Sam Brownback (R-KA) and in the House by Congressman Jay Inslee (D-WA) and Don Manzullo (R-IL).

In November of 2007, SoundExchange formally proposed that cable radio services pay royalties between 7.25% and 7.5% of their revenue to sound recording copyright owners and recording artists. The following month, the Copyright Royalty Board, citing market constraints and a desire not to disrupt the industry, further reduced the royalty rate for satellite radio to 6% of broadcaster revenue –increased incrementally to 8% over the next five years. Cable and satellite radio generated \$2 billion in 2006 while Internet radio produced less than \$150 million. Under the current CRB ruling webcasters would pay an average 30% of revenue in royalty fees – and as much as 150% in some cases.

For more information on the SaveNetRadio coalition visit www.savenetradio.org

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