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**Leahy and Berman Performance Fee Bills Actually a Transfer Tax
on Local Communities**

Inflatable price tag will only get bigger

WASHINGTON, D.C. -- Senator Patrick Leahy and Representative Howard Berman unleashed their long-expected performance tax bills earlier today, which will impose a new tax on local radio stations and transfer the revenue into the pockets of the record labels. "This bill, which was so long in the making, is drafted around exemptions and discounts, and the result is bad public policy. Any fee — regardless of whether it's discounted, tiered or reduced — will only serve as a foot in the door for the record labels to establish precedent for higher fees down the road," explained Free Radio spokesperson Cathy Rought. "With copyright fees, history is pretty clear: rates will only continue to go up. If passed, this could threaten the survival of local radio stations, would reduce the quality of their programming and would almost certainly reduce diversity in radio. This flies directly in the face of the goals that Congress and the FCC have set for our airwaves."

Like the Canadian performance royalty bill enacted in the late '90s, the bills' sponsors claim discounted rates will apply to a majority of radio stations. But a close look at the Canadian system clearly demonstrates the record labels will almost immediately begin petitioning the relevant copyright body, in our case, the Copyright Royalty Board, to raise rates and eliminate exemptions. "The handwriting is on the wall; these bills follow a failed Canadian policy for guidance, and seek to

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adopt something similar here," said Rought. "No radio station, or ultimately any local business that plays recorded music, will be spared if things go the same route. Restaurants, bars, health clubs and other establishments will have to eventually contribute their hard earned dollars to the record labels."

"For the government to fundamentally meddle with the established business model of one industry — an industry that provides music, entertainment and critical local news and weather to communities across America — solely to benefit another industry whose business model has failed to keep pace with technology is not the way we should run our country," added Rought. "The unintended harm to everyone from small radio station owners to nonprofit groups to the Hispanic, African-American and other diverse communities will be felt far and wide if this passes. The Free Radio Alliance will be working day and night to help ensure that doesn't happen."

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