WASHINGTON, DC—Today, Representative Mel Watt (D-NC) introduced the Free Market Royalty Act (FMRA), which would close the decades-old exemption enjoyed by terrestrial AM/FM radio broadcasters that allows them to not compensate performers and labels for the use of their works.

The bill aims to address the lack of a performance right by establishing a process through which parties can negotiate “fair market” rates while directly compensating artists in a manner similar to the existing public performance right for digital broadcasts. The following statement can be attributed to Casey Rae, Interim Executive Director of the Future of Music Coalition:

“For years, Future of Music Coalition and our allies in the creator community have advocated for a public performance right for terrestrial broadcasts. The reasons are many: First, there is no defensible excuse to not pay recording artists for the use of their music, especially considering that the rest of the developed world recognizes the contributions of performers. Second, the lack of a reciprocal right internationally means that millions of dollars are left on the table that would otherwise go to American creators. You’d be hard pressed to think of another export that the United States would freely give away in the global marketplace with no expectation of remuneration. Third, the lack of a royalty obligation for AM/FM radio disadvantages newer technologies like Internet radio, which has become instrumental to music discovery and is a growing revenue stream for musicians.

“The National Association of Broadcasters (NAB), which represents the interests of major radio conglomerates, have expressed a preference for direct deals between rightsholders and broadcasters as a substitution for a public performance right. These agreements, such as those recently struck between Clear Channel and record labels such as Warner Bros., do not ensure fair compensation to artists, nor do they address what amounts to an international trade imbalance. Another concern is that these deals only apply to those at the negotiating table, which means the vast majority of musicians do not
have the leverage to compel any compensation for the use of their music by consolidated corporate radio. We are aware of the need to ensure that small and noncommercial broadcasters are not overburdened by a terrestrial performance right, and are encouraged that FMRA’s sponsors and supporters recognize the value of those who bring so much diversity to our broadcast landscape.

“Rep. Watt is to be commended for bringing these issues back to the forefront of debates around radio parity, as well as his attempt to find solutions that work for more parties. It is nowhere near certain that the bill’s avoidance of a compulsory rate-setting process will result in greater market confidence. However, there is much to applaud in its call for clear and equitable creator splits as well as direct payment to performers. We recognize that these issues are complex and require the participation of all stakeholders, especially musicians. What is clear is that no one sector should be allowed an unfair advantage to the detriment of American artists and innovation.”

About Future of Music Coalition
Future of Music Coalition is a national non-profit education, research and advocacy organization that seeks a bright future for creators and listeners. FMC works towards this goal through continuous interaction with its primary constituency — musicians — and in collaboration with other creator/public interest groups.

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