

# Performance Tax a Cheap Trick

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When I was little, my sister and I would love to play board games while listening to Top 40 hits on WKAU. My sister loved to call up DJ Billy Pearl to request Shaun Cassidy's 'Da Doo Ron Ron.' My dad didn't think Shaun was the best singer, claiming that in the hey-day of radio, you could hear singers with real talent, like Elvis or Patsy Cline.

While I like both of their musical tastes, my dad was right about the hey-day of radio – great singers' careers either were either made or broken based on the radio airplay they got. Without MTV, an artist's success, and that of their record label, was literally in the hands of radio DJs. Now DJs are claiming record companies want to bite the hand that feeds them.

The record industry wants the government to impose a fee on local radio stations for airing music free of charge for listeners. Dubbed a "performance tax," radio station executives believe the possible \$2 to \$7 billion per year measure is in response to dwindling record sales since the popularity of digital downloadable music. Record companies view the fee similarly to the royalty fees music services, such as Muzak, pay to play records.

This is not the first time a performance tax has been considered. In both 1971 and 1976, a performance tax bill was introduced in Congress and refused, citing the important promotional value of free radio airplay. In 1995, a similar measure was shot down to avoid jeopardizing what Congress called "the mutually beneficial economic relationship between the recording and traditional broadcasting industries." In both 2008 and 2009, however, pro-radio, anti-performance tax bills known as the Local Radio Freedom Act were introduced in Congress, receiving strong bipartisan support.

The National Association of Broadcasters strongly opposes any performance tax. Like Congress, the NAB claims such a tax would significantly harm what has been the crux of the more than 80 year mutually beneficial relationship between radio and the recording industry: free play for free promotion. According to the NAB, the radio industry generates between \$1.5 and \$2.4 billion dollars in free promotional value for record labels and artists each year by exposing their music to an estimated 235 million listeners each week. The NAB also asserts that 85 percent of listeners of all audio services identify radio as the place they first heard new music.

In addition to playing their tunes, radio stations promote record labels and artists by promoting concerts, interviewing musicians on air and CD and ticket giveaways. Many nights my sister and I tried valiantly to be the 10<sup>th</sup> caller when Ron Ross was giving away Cheap Trick tickets. But all of these staples of the local radio station are in jeopardy if a performance tax is imposed.

Radio stations claim the tax will also force them to have more talk-radio and play less and fewer varieties of music, or close down altogether. While no music on the radio will greatly decrease my chances of being caught jamming out to a tune while at a stop light, a performance tax may also result in the loss of approximately \$6 billion in public service announcements each year. In addition, we would lose another source of news and community information, such as school closings, amber alerts and severe weather warnings.

I suggest they only impose a tax on country music.