



Legislative Bulletin.....September 27, 2008

Contents:

H.R. 7084—Webcaster Settlement Act

Summary of the Bills Under Consideration Today:

Total Number of New Government Programs: 0

Total Cost of Discretionary Authorizations: \$0

Effect on Revenue: \$0

Total Change in Mandatory Spending: \$0.

Total New State & Local Government Mandates: 0

Total New Private Sector Mandates: 0

Number of Bills Without Committee Reports: 1

Number of Reported Bills that Don't Cite Specific Clauses of Constitutional Authority: 0

**H.R. 7084—Webcaster Settlement Act
(Oberstar, D-MN)**

Order of Business: H.R. 7084 is scheduled to be considered on Saturday, September 27, 2008, under a motion to suspend the rules and pass the bill.

Summary: H.R. 7084 would make a series of technical changes to the Small Webcasting Settlement Act of 2002 in order to allow all internet radio webcasters to negotiate rates and terms other than those determined by a May, 2007, ruling by the Copyright Royalty Board (CRB). Under current law, only “small webcasters” are allowed to negotiate royalty rates

directly with SoundExchange—the recording industries’ non-profit organization that collects and distributes royalties on digital transmissions.

Additional Background: Companies that provide digital transmission radio services (satellite and internet radio) have a different structure for paying royalties to artists and copyright holders than traditional radio broadcasters. Royalties from digital transmissions are collected by a non-profit organization known as SoundExchange and royalty rates are determined by the Library of Congress’ Copyright Royalty Board (CRB).

In March 2, 2007, the CRB issued new royalty rates for digital radio providers. Rates for webcasters instantly increased across the board from 300% to 1200%. As a result, many large internet radio providers have suffered. In the year and a half since the ruling was issued AOL Radio, Yahoo! Radio, and Pandora, three of the largest internet radio providers, have either left the business or dramatically scaled back their services for listeners. The effects of this situation have hurt both customers who use these services and artists who receive fewer royalties when large providers scale back.

Under current law, only small webcasters are authorized to negotiate directly with the SoundExchange and other royalty collection organizations. H.R. 7084 would allow all webcasters, regardless of size, to negotiate royalty fees and terms with collection organizations. Once the parties reach a settlement, the terms would be printed in the Congressional Record by the CRB and become an additional option for webcasters.

Committee Action: H.R. 7084 was introduced on September 25, 2008, and was referred to the Committee on the Judiciary, which took no official.

Cost to Taxpayers: A CBO score for H.R. 7084 is not currently available.

Does the Bill Expand the Size and Scope of the Federal Government? No.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates? No.

Does the Bill Comply with House Rules Regarding Earmarks/Limited Tax Benefits/Limited Tariff Benefits? A Committee report designating compliance with clause 9 of rule XXI is unavailable.

Constitutional Authority: A Committee report citing Constitutional authority is unavailable. House Rule XIII, Section 3(d)(1), requires that all committee reports contain a statement citing the *specific* powers granted to Congress in the Constitution to enact the law proposed by the bill or joint resolution. *[emphasis added]*

RSC Staff Contact: Andy Koenig; andy.koenig@mail.house.gov; 202-226-9717.
