

Radios Agreement For Royalties To Songwriters

Written by Westside ID216

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The radio industry has agreed to pay \$1.7 billion over six years to a group that doles out royalties to songwriters under an agreement in which stations will now pay a set fee for music, rather than a percentage of yearly revenue.

The agreement is the largest single licensing deal in the history of U.S. radio, according to the American Society of Composers, Authors and Publishers, which represents more than 190,000 songwriters and publishers.

As part of the deal announced Monday, the nation's roughly 12,000 commercial radio stations will also have ASCAP's blessing to simulcast its 7.5 million copyrighted songs over the Internet.

But the industry does not expect a huge number of traditional radio stations to begin simulcasting on the Web because stations will still have to pay fees for Internet broadcasts to the Recording Industry Association of America, the group that represents record labels.

Simulcasting radio shows on the Web "is not a profitable thing to do anyway. When you introduce these RIAA fees, it makes it impossible, especially for the smaller operators," said Keith Meehan, executive director of the Radio Music License Committee, which negotiated the deal with ASCAP.

Meehan said it has been a long-standing goal in the radio industry to get rid of the revenue-based fee structures because many stations felt the system was unfair.

"The industry has felt for a long time that the music the stations play is not a direct correlation to revenues. There's no other service or product that the industry has paid for on this basis," he said. "We had created a situation where we had a partner in the top line of our business, and this partner was basically taking a percentage of revenue and not sharing in any of the business risk."

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ASCAP executives say they also are happy with the new deal because it cuts down on the paperwork needed to verify each station's revenue and it was negotiated without costly litigation on either side.

"What has happened in the radio industry is that the dramatic growth of the late '90s has trailed off a bit. We felt this was a reasonably good time, with the right amount of increases factored in every year, to go to a guaranteed revenue formula," said Phil Crosland, senior vice president of ASCAP. "There's some pretty hefty increases for each year up to 2009."

The settlement was approved by U.S. District Court Judge William C. Connor in White Plains, N.Y., on Friday.

The RMLC and ASCAP had been without an agreement since the end of 2000. Since then, stations continued to pay fees to ASCAP based on their yearly revenue as called for in the previous deal.

The new deal completes those fees and introduces the new fee formula for 2004-2009. Under the formula, a station's 2004 ASCAP fees will be roughly 6.1 percent more than its 2003 fees. For 2005-2009, stations will pay their 2004 fees plus a share of an industrywide adjustment that starts at \$16.1 million in 2005 and increases each year until it hits \$55 million in 2009.

The RMLC reached a similar deal with Broadcast Music Inc. last year, in which BMI was paid \$1 billion. BMI, the smaller of the two artists' groups by the number of songs, represents about 300,000 songwriters and publishers who collectively own the rights to 4.5 million compositions.

[Source](#)