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Are the days of terrestrial radio's exemption for performance royalties numbered?

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Capitol Hill will likely become a battleground this year in a contentious debate between musicians and record labels on one side and radio broadcasters on the other. The Performance Rights Act—which would require radio stations to pay royalties to artists and labels for songs they broadcast—will be reintroduced in Congress this week according to this article on Billboard.com.

While webcasters, satellite radio, cable radio services and all other non-terrestrial broadcasters already pay performance royalties to artists and labels, terrestrial radio stations have always enjoyed an exemption from paying such royalties. This exemption arose in the infancy of the radio industry when broadcasters claimed that radio play served as promotion to drive music sales. They also asserted that compelling them to pay royalties would cripple the emerging radio industry.

Such an argument may be losing its steam since webcasters, satellite radio, cable radio services and all other non-terrestrial broadcasters have paid performance royalties since their inception. In addition, the US is one of the only countries in the world where performance royalties are not paid for radio broadcasts.

We'll keep a eye on the bill as it is introduced and makes its way through committee.

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