

The Honorable Ron Wyden
Statement of Introduction for the
Internet Radio Fairness Act of 2012

M. President, today I rise to introduce the Internet Radio Fairness Act. The goal of this proposal is to help one of America's oldest, most dynamic industries grow into the 21st Century. Thanks to new digital music technologies, the ways in which consumers can listen and buy music has been revolutionized.

Internet technology is even changing the music industry itself. The Net is freeing artists from the shackles of major record label middlemen by enabling artists to broadcast and sell directly to consumers. In fact, right now bands on independent labels are dominating the music charts. Artists like Amanda Palmer are leaving the record labels behind by instead reaching for success by embracing Internet platforms like Kickstarter to get her music heard.

I am a firm believer that further unleashing Internet technology will expand the music marketplace to better reward Internet innovation and musical artists.

The Internet has changed our lives. It is reshaping how people communicate, collaborate and engage in commerce. The Internet empowers the powerless, it gives everyone a voice, and it advances human rights and the cause of freedom around the world. The growth and evolution of the Internet comes from good, innovative ideas and from policy environments that protect the Net from unfair and discriminatory taxes, regulation, and legal liability.

Unfortunately, one area of the Internet ecosystem that is stifled is the digital services of broadcast music. In 1998, federal laws were enacted to specifically thwart the development of Internet platforms that are commercially viable as broadcasters of digital music. Since then, concerns about online copyright infringement intensified, record sales plummeted, and many commercially successful musicians are struggling. Consumers and rightsholders are increasingly seeking innovative, new models that can better promote music and compensate artists. The Internet Radio Fairness Act intends to answer some of these calls.

Under current law, M. President, royalty rates prescribed for Internet Radio are established based on what a panel of special copyright judges determine to be the market rate for musical licenses. But there is no functioning market for these licenses and these judges are left with very little information to make reasonable conclusions. That's why Congress routinely intervenes to correct the work of these judges. The current method these judges use to establish royalty rates for Internet Radio has led to webcasters paying five times the amount of royalties – as a percentage of revenue – as other digital music broadcasters, like satellite and cable. The long-established method that copyright judges use to determine royalty rates for satellite and cable providers enables a broader set of factors to be considered.

The Internet Radio Fairness Act would end the discrimination against the Internet and Internet Radio in the digital marketplace. It would treat Internet Radio, for purposes of establishing royalty rates, in the same way that satellite and cable radio are treated. It would enable the copyright judges the ability to consider factors they have long been familiar with to establish royalty rates for Internet Radio in the same way they have long done for other broadcasters.

Doing this, M. President can enable new Internet Radio startups to succeed and create jobs, foster competition, and the expansion of the music marketplace in part so that artists can obtain broader exposure and more compensation.

M. President, I hope to work with you, with stakeholders, and with my Senate colleagues to discuss this legislation and additional ideas that are necessary to unleash the power of the Internet to foster a broader, more dynamic marketplace for digital music. I yield the floor.