

C O U N C I L F O R



March 1, 2016

AMERICAN COMMITMENT

The Honorable Bob Goodlatte
Chairman
Committee on the Judiciary
U.S. House of Representatives
Washington, D.C. 20515

The Honorable John Conyers, Jr.
Ranking Member
Committee on the Judiciary
U.S. House of Representatives
Washington, D.C. 20515



Dear Chairman Goodlatte and Ranking Member Conyers:

As organizations that value the important role of music and its creators, we urge the committee to liberate songwriters from excessive government regulation, and allow them to negotiate royalty rates in a free market.



Under today's music licensing system, 75 percent of a songwriter's income is subject to outdated laws and regulations that trivialize the value of their intellectual property. When records, CDs, and downloaded or on-demand streamed songs are sold today, songwriter royalties are set by a compulsory license system that Congress created in 1909 in an attempt to promote competition in the player piano market.



Furthermore, the two largest performing rights organizations that negotiate licenses and collect public performance royalties on behalf of songwriters are governed by Department of Justice consent decrees issued in 1941. Licensing is compulsory and in many cases the government – not the marketplace – sets the price of music license royalties. In today's digital age, it is unreasonable for songwriter royalties to continue to be regulated by such an antiquated scheme.



We applaud the committee's attention to music licensing during its ongoing review of the Copyright Act and believe the growing conversation and concerns about regulation in the music industry underscores the need for change. The committee should reject calls for new regulations, which will ultimately discourage the marketplace from developing innovative licensing solutions, and instead focus on addressing the government's role in royalty-setting.

It is time for the government to remove itself from the songwriter's business process and let the free market determine the value of these artistic creations as occurs with other forms of intellectual property such as movies, books, video games, magazines, and television shows. If the committee determines the government must continue to set songwriter royalty rates, at a minimum, we urge you to support H.R. 1283, the Songwriters Equity Act of 2015, which would guarantee that a market-based standard is applied when setting licensing rates.

Songwriters and publishers depend on royalties for their livelihood; and unlike recording artists, songwriters cannot supplement their income through touring, merchandise sales, or endorsements. Until anachronistic and burdensome regulations are eliminated, and songwriter compensation more accurately reflects its

marketplace value, new songwriters will be dissuaded from entering the profession and future musical innovation will be stifled.

Thank you for your attention to this critical issue.

Sincerely,

Thomas A. Schatz
President
Council for Citizens Against Government Waste

Phil Kerpen
President
American Commitment

Jeffrey L. Mazzella
President
Center for Individual Freedom

Seton Motley
President
Less Government

Karen Kerrigan
President and CEO
Small Business & Entrepreneurship Council

David Williams
President
Taxpayers Protection Alliance