

NATIONAL ALLIANCE OF STATE BROADCASTERS ASSOCIATIONS

Alabama Broadcasters Association
Alaska Broadcasters Association
Arizona Broadcasters Association
Arkansas Broadcasters Association
California Broadcasters Association
Colorado Broadcasters Association
Connecticut Broadcasters Association
Florida Association of Broadcasters
Georgia Association of Broadcasters
Hawaii Association of Broadcasters
Idaho State Broadcasters Association
Illinois Broadcasters Association
Indiana Broadcasters Association
Iowa Broadcasters Association
Kansas Association of Broadcasters
Kentucky Broadcasters Association
Louisiana Association of Broadcasters
Maine Association of Broadcasters
Massachusetts Broadcasters Association
Maryland, DC, Delaware Broadcasters
Michigan Association of Broadcasters
Minnesota Broadcasters Association
Mississippi Association of Broadcasters
Missouri Broadcasters Association
Montana Broadcasters Association
Nebraska Broadcasters Association
Nevada Broadcasters Association
New Hampshire Association of Broadcasters
New Hampshire Broadcasters Association
New Jersey Broadcasters Association
New Mexico Broadcasters Association
The New York State Broadcasters Association
North Carolina Association of Broadcasters
North Dakota Broadcasters Association
Ohio Association of Broadcasters
Oklahoma Association of Broadcasters
Oregon Association of Broadcasters
Pennsylvania Broadcasters Association
Pillsbury Winthrop Shaw Pittman LLP
Puerto Rico Broadcasters Association
Rhode Island Broadcasters Association
South Carolina Broadcasters Association
South Dakota Broadcasters Association
Tennessee Association of Broadcasters
Texas Association of Broadcasters
Utah Broadcasters Association
Vermont Association of Broadcasters
Virginia Association of Broadcasters
Washington State Association of Broadcasters
West Virginia Broadcasters Association
Wisconsin Broadcasters Association
Wyoming Association of Broadcasters

August 28, 2014

Honorable John D. Rockefeller IV
Chairman
Committee on Commerce,
Science and Transportation
U.S. Senate
Washington, D.C. 20510-6125

Honorable John Thune
Ranking Member
Committee on Commerce,
Science and Transportation
U.S. Senate
Washington, D.C. 20510-6125

Dear Chairman Rockefeller and Ranking Member Thune,

The 50 State Broadcasters Associations, whose member broadcast television stations serve local communities across the country, write to oppose the “Local Choice” proposal which you recently circulated for discussion purposes. If adopted, the proposal will unjustifiably eliminate television broadcasting’s longstanding statutory right of retransmission consent and unfairly single out the free, over-the-air, local television broadcast industry for mandatory “a la carte” treatment. For the reasons that follow, the proposal will very negatively impact television broadcasters and all of the nation’s viewers. Accordingly, we strongly oppose inclusion of the proposal as part of the Senate Commerce Committee’s reauthorization of the Satellite Television Extension and Localism Act.

All broadcasters appreciate your recognition of (i) the unique and critical value of broadcast localism, (ii) the economic necessity that broadcasters be fairly compensated for their investment in programming particularly when retransmitted by pay-television providers to their paying subscribers, and (iii) the importance of *meaningful* consumer choice. However, the proposal will destroy localism, including the backbone of our nation’s Emergency Alert System, by denying fair compensation to broadcasters without providing consumers, who continue to complain loudly about the monthly cost of pay-television service, with any meaningful choice or relief. Furthermore, as reflected in over a decade’s worth of economic literature and policy debate, mandated a la carte pricing proposals have been proven to increase prices, decrease programming diversity, and result in fewer – not more – choices for consumers. Indeed, these are precisely the exact opposite results that your proposal appears to seek.

The prescription of a broadcast-only a la carte regime exacerbates these economic effects because broadcasters are much more reliant upon advertising as a percentage of revenue (almost 80 percent) than other programming channels (HBO: 0 percent; TWC SportsNet LA: 16 percent),

and because consumers wishing to decrease the cost of their bills will only be able to do so (by no means a “given”) by opting out of their local broadcast channels, even if they prefer broadcast channels over non-broadcaster programming for which the proposal denies them full per-channel “choice.” Make no mistake, the net effects of a broadcast-only a la carte requirement will diminish broadcast localism and harm consumers without actually providing consumers meaningful choice or meaningful cost savings.

Such an outcome is inconsistent with the long-held values of the universal accessibility of broadcasting’s local news, weather, and *emergency information*, as well as broadcasting diversity. As local broadcasters struggle under a la carte economics, there will be less resources to invest in newsrooms, journalists, and local programming and perhaps even fewer broadcaster outlets to cover local affairs and emergencies in the future. Additionally, broadcasters that serve diverse audiences with religious, ethnic, and foreign language programming will find it harder to sustain such niche programming investments with the decline in access to subscriber viewership. An a la carte model will also chill the willingness of broadcasters to cover controversial issues of public importance due to this fact alone – today viewers who are unhappy with a particular program, subject or viewpoint that was aired can, as a form of protest, change the channel and not return to a station’s programming for some period of time. Under a broadcast a la carte model, those same viewers, will be able to extend their “protests” by withholding payment of at least that station’s portion of their monthly subscriptions, thereby chilling the journalistic and editorial decisions of every station, and throwing the economics of the nation’s local television broadcast system, into chaos. All of this will harm not only consumers receiving broadcast programming through pay-television providers, but also those consumers who receive broadcasting for free via over-the-air reception.

Beyond these pitfalls, significant questions remain about how such a system would be implemented:

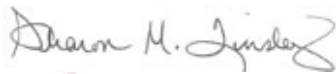
- Absent a statutory requirement or contractual relationship between broadcasters and pay-television distributors, what incentive would these distributors – who are competitors to broadcasting – have to cooperate with the television broadcast industry in making a la carte work as this proposal intends? Who and how would that cooperation be policed?
- Given that the proposal apparently intends to save those consumers, who opt out of paying for the broadcast stations, money on their monthly subscriptions, who and how will pay-television providers be held accountable?
- How would pay-television providers acquire ancillary programming rights, such as video-on-demand and over-the-top rights that are currently contemplated as part of the retransmission consent negotiations?
- An a la carte business model would upend the network-affiliate relationship with potentially devastating consequences for the networks, for their affiliates and for the financial markets.
 - Would existing retransmission consent contracts, many of which are long-term in nature, remain valid until expiration or would they be voided?
 - All of the television network agreements provide that their affiliated stations pay their networks “reverse compensation” that is tied to retransmission consent fees paid by pay-TV providers. How would those agreements – which are multiyear and expire at different times – be treated under the proposal?

Once the proposal becomes a matter of public knowledge outside the Beltway, there will be enormous pressure on Congress to expand the a la carte model beyond broadcast, and well it should, in response to

the millions of constituents who will complain that the proposal does not provide them with the right to pick and choose which non-broadcast programming (which represent the vast majority of their monthly pay-TV bills) they wish to pay for. In short, the proposal will likely become the slippery “a la carte” slope that broadly upsets a vibrant and functioning video marketplace.

In conclusion, we oppose this proposal because of its likely devastating impacts on broadcast localism and the nation’s viewers. In the coming days and weeks, we look forward to visiting with you and your colleagues in Washington, D.C. as well as in your home offices to further demonstrate our strong concerns.

Sincerely,



Alabama Broadcasters Association
Sharon Tinsley



Alaska Broadcasters Association
Cathy Hiebert



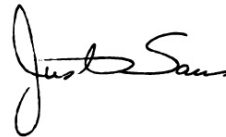
Arizona Broadcasters Association
Art Brooks



Arkansas Broadcasters Association
Doug Krile



California Broadcasters Association
Stan Statham



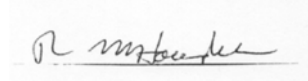
Colorado Broadcasters Association
Justin Sasso



Connecticut Broadcasters Association
Michael Patrick Ryan



Florida Association of Broadcasters
C. Patrick Roberts



Georgia Association of Broadcasters
Bob Houghton

Jamie Hartnett



Hawaii Association of Broadcasters
Jamie Hartnett

Connie M. Searles



Idaho State Broadcasters Association
Connie Searles

Dennis Lyle



Illinois Broadcasters Association
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Joe Misiewicz



Indiana Broadcasters Association
Joe Misiewicz

Sue Toma



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Kent M. Cornish



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Kent Cornish

Gary R. White



Kentucky Broadcasters Association
Gary White

Polly Prince Johnson



Louisiana Association of Broadcasters
Polly Prince Johnson

Suzanne Goucher



Maine Association of Broadcasters
Suzanne Goucher

Lisa Reynolds



Maryland/D.C./Delaware (MDCD) Broadcasters Association
Lisa Reynolds

Jordan Walton



Massachusetts Broadcasters Association
Jordan Walton

Karole L. White



Michigan Association of Broadcasters
Karole L. White

Jim du Bois



Minnesota Broadcasters Association
Jim du Bois

Jackie Lett



Mississippi Association of Broadcasters
Jackie Lett

Mark Gordon



Missouri Broadcasters Association
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Dewey Bruce



Montana Broadcasters Association
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Jim Timm



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Pennsylvania Association of Broadcasters
Rich Wyckoff



Radio Broadcasters Association of Puerto Rico
Jose A. Ribas Dominicci



Rhode Island Broadcasters Association
Lori Needham



South Carolina Broadcasters Association
Shani White



South Dakota Broadcasters Association
Steve Willard



Tennessee Association of Broadcasters
Whit Adamson



Texas Association of Broadcasters
Oscar Rodriguez



Utah Broadcasters Association
Michele Zabriskie



Vermont Association of Broadcasters
Jim Condon

Doug F. Easter



Virginia Association of Broadcasters
Doug Easter

Mark Allen



Washington State Association of Broadcasters
Mark Allen

Michele C. Crist



West Virginia Broadcasters Association
Michele Crist

Michelle Vetterkind



Wisconsin Broadcasters Association
Michelle Vetterkind

Laura Grott



Wyoming Association of Broadcasters
Laura Grott

Cc: Members of the United States Senate Committee on Commerce, Science and Transportation