

## Statement From Michael Huppe, President and CEO of SoundExchange

### Submitted to the House Judiciary Committee

February 2, 2022

Thank you Chairman Nadler and Ranking Member Jordan for holding this hearing.

This hearing is long overdue. In fact, the last time Congress held a hearing focused on the injustice music creators face by not being paid for their work was in 2014. Since that hearing, U.S. radio broadcasters have generated roughly \$140 billion dollars in revenues – and not paid a dime for performance rights to the artists or labels who supplied the music. This disparity is one of the most egregious injustices that exists today in the U.S. music industry. The American Music Fairness Act (AMFA) provides the opportunity to finally correct this wrong and bring the U.S. into alignment with how the rest of the world treats artists.

It is fitting that this hearing is being held on Groundhog Day. Because for years music creators have felt like Bill Murray's character in that iconic movie of the same name – with nothing changing, still facing injustice, and broadcasters refusing to treat them with basic fairness.

And that disrespect continues today. I'm disappointed that iHeart refused to appear before you. If iHeart seeks to continue denying music creators fundamental respect, they should have the decency to do it to their faces and explain their justification.

But we all know who *is* here today: artists telling their personal stories about the impact of iHeart's and other broadcasters' refusal to share even a fraction of the revenues they generate by playing their music. And this injustice spreads a long wake: whether you are a featured artist, background singer, engineer, label big or small, or anyone else involved in the magic of music creation – the current system harms you.

And yes, it is magic. Each of us has a story of a song that evokes memories of a first dance, first concert, first love or other memorable moment in our lives. That is why, as the President and CEO of SoundExchange, this issue is so important to me. SoundExchange is the sole organization designated by the government to collect and distribute certain types of digital performance royalties for sound recordings. In other words, it's our job to make sure music creators get paid.

And we do so at a scale and efficiency that is unrivalled. Since its inception, SoundExchange has distributed almost \$9 billion in digital performance royalties on behalf of 270,000 music creators and growing. We work with over 3,600 service providers to make the business of music work better.

We are passionate about our work because we know the impact it has on music creators, from the biggest artists to those you may not be familiar with. Because for every Taylor Swift out there, there are tens of thousands of creators like Jared Big Canoe. Who is Jared Big Canoe? Born on the Georgina Island First Nation, he started singing at age 4 and writing lyrics for hip-hop songs by age 12. When SoundExchange found Jared to let him know he was due royalties, his response was, “Finally some reward for years of making music.”

Artists such as Jared BigCanoe get paid when their music is played on digital streaming services such as SiriusXM, Spotify and dozens of other services. But not when their music is played on AM/FM radio. In fact, broadcasters like iHeart do pay artists when they simulcast online but refuse to pay artists then that *exact same programming* is broadcast over-the-air. Think about that for a moment. Their music is played in exactly the same way, yet on one platform they get paid and on another they are not. How is that fair?

I suspect at this hearing that neither iHeart nor the NAB want to hear stories about music creators. Instead, they will talk about the so-called Local Radio Freedom Act, a non-binding, symbolic resolution designed solely to block meaningful legislation. On the other hand, AMFA, both grants royalties to music creators while protecting small broadcasters by limiting their annual payments for playing music to \$500 (less than \$1.40 a day). And qualified public, college and noncommercial stations would pay only \$100. AMFA is *actual* legislation with *specific* exemptions created for small and local broadcasters and would bring far more stability and predictability for those parties than any resolution every could.

iHeart and NAB will also claim that the airplay they give music creators is payment enough, while ignoring the fact that most artists are not discovered on the radio anymore. They will call royalty payments a “tax” on radio stations, when it is simply appropriate compensation for the value these recordings provide to radio’s bottom line. A fair royalty in return for a business’ primary product is the farthest thing from a “tax.” And they will try to muddy the waters by raising issues of how AM/FM royalties would be calculated, when a system already exists to handle this issue the same way we handle it for all other media that pay music creators (through the Congressionally-created Copyright Royalty Board).

There is no doubt: iHeart and the NAB make clever arguments. But in an age of economic justice, their arguments fall flat. . Every person deserves to be paid for their work – and that includes the hard-working, middle-class Americans who make music.

When I testified before the House Judiciary Committee in 2014, I said, *“All creators should receive fair pay, on all platforms, whenever their music is used. Period. Everyone who has a hand in the creation of music deserves fair market value for their work – and I mean everyone: songwriters and publishers, studio producers and engineers, the artists who give compositions life and record companies who help artists fulfill their creative vision.”*

That is as true in 2022 as it was then. As public servants you now have the opportunity to make a huge difference for your family members, neighbors, and everyone else who makes the music

that has such a profound impact on our lives. More importantly, you have the opportunity to finally bring justice to this important bedrock of our national culture – the American recording artist.