



March 5, 2009

Member of the Congressional Hispanic Caucus
Washington, D.C.

RE: Radio Tax

Dear Member of Congress:

Never has Hispanic radio been in more danger than it is right now. The big, internationally-owned record labels are looking for a bailout at the expense of radio stations and Hispanic communities across America. If the labels get their way, jobs will be lost, our airwaves will become less diverse in both ownership and programming, and ultimately, Hispanic communities across the country will suffer.

Called the performance tax by some in the industry, this legislation would require local radio stations to pay a performance fee to the record labels for music that play for free on the air. Even though local radio stations already compensate songwriters for the use of music, provide free airtime worth billions of dollars to promote performers and their music, and pay the big record labels if they stream over the Internet, the big record labels want more.

Radio stations across the country employ more than 106,000 people; jobs that support families, inject revenue into local businesses and communities and help to support the economy. And although Latinos account for half of the U.S. population growth since 2000, native-born Hispanics had the second highest rate of unemployment (9.5 percent) in the fourth quarter of 2008. Furthermore, the unemployment rate for foreign-born Hispanics increased from 5.1 percent to 8 percent, or by 2.9 percentage points, from the fourth quarter of 2007 to the fourth quarter of 2008 (Pew Hispanic Center). If the performance tax is implemented on radio — an industry that is already struggling — even more Hispanic jobs will disappear.

A shrinking job market wouldn't be the only damage inflicted, as diversity of station ownership and programming would also suffer. As you are well aware, radio stations like ours are sometimes the only link between the Hispanic communities we serve and vital local information and community news. A performance tax will mean programming cuts,

as stations scramble to find additional revenue to cover these new and unbudgeted fees. For non-English speaking Latinos, it can cut off access to information that isn't conveyed elsewhere silencing our voices on the airwaves at a time when Hispanics are already underrepresented.

In fact, according to a recent *Free Press* report, "Just 8 percent of all full-power commercial broadcast radio stations are owned by an entity with a CEO or president who is a racial or ethnic minority." By making stations even more unaffordable, this legislation would put the dream of ownership further out of the reach of Hispanic entrepreneurs trying to enter or sustain a business in the radio industry.

The CHC states its mission is to voice and advance issues affecting Hispanics in the U.S.; as part of that mission, we urge you to oppose H. R. 848 and S. 379. The performance tax being pushed by the recording industry will undermine all that you've worked to accomplish for diversity and deal a financial blow to Hispanic radio from which it can't recover. Please join more than 130 of your colleagues in supporting your local Hispanic radio stations by cosponsoring House Con. Res. 49, the Local Radio Freedom Act.

Feel free to contact us directly with any questions, and visit <http://www.freeradioalliance.org> for more information on the issue.

A handwritten signature in black ink, appearing to read "Frank Flores", with a long, sweeping underline.

Frank Flores
Vice President, NY Market Manager
Spanish Broadcasting System
Charter Member, Spanish Radio Association (SRA)