

PARADISE TO POVERTY: THE FIGHT FOR I-RADIO

THE Internet has opened new lines of communication and pumped life into old and corporately abused media like radio.

But a new rate structure by the national Copyright Royalty Board (CRB) threatens an inventive medium: Internet radio. The CRB is essentially treating Internet radio stations like download services. Instead of paying performers every time a song is played, Internet radio stations will now have to pay more for every song played and then multiply that by the number of people who hear the song.

The new rules will go into effect May 15 and will be retroactive to January 2006 unless legislation that would erase the CRB's decision, introduced in the House by Rep. Jay Inslee, D-Bainbridge Island, and Rep. Don Manzullo, R-Ill., is adopted.

To understand how this new system will affect cyber mom-and-pop operations, consider Radio Paradise, in Paradise, Calif., which has been broadcasting through the Internet since 2000 and plays an eclectic mix not found on corporate radio. During peak hours, the Web site has between 12,000 and 15,000 listeners, and attracts several hundred thousand ears a month. Radio Paradise would have to pay about \$45,000 a month in royalties under the new rate structure. That is more than it paid in royalties for 2006 and ex-

ceeds the site's gross income.

Closer to home, Seattle's KEXP will feel the crunch. The listener-supported station broadcasts on the dial at 90.3, but also is found on the Internet and has a worldwide following. No doubt, KEXP's pledge drives will take on a desperate tone if the CRB's ruling is not overturned.

What makes the CRB's decision more upsetting is that it was suggested by SoundExchange, the entity that collects and distributes royalty fees.

Artists have a right to be compensated, but the systems should not cripple the avenues that deliver their music.

Traditional radio has become a wasteland for music. The same tired songs that emanate from a consolidated record industry dominate radio from coast to coast.

Congress must act on Inslee's legislation. If not, America's creative voices will have lost yet another outlet.

TUESDAY: *How the Copyright Royalty Board's decision affects public broadcasting.*



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