



August 3, 2020

Senator Marco Rubio
Chairman, Committee on Small Business and Entrepreneurship
428A Russell Senate Office Building
Washington, DC 20515

Dear Senator Rubio:

On behalf of recording artists and small independent record labels across the country, we write to support the Continuing Small Business Recovery and Paycheck Protection Program Act. Most importantly, Paycheck Protection Program (PPP) Second Draw loans would be a needed lifeline to true small businesses in the music industry, and a reduction of the employee cap to 300 employees is sound public policy. We also remain hopeful that Congress will clarify certain aspects of the PPP so that relief is more readily accessible to self-employed individuals.

The American Association of Independent Music (A2IM) represents more than 700 record labels in 33 states. A2IM members are true small businesses. Of its record label members, more than 140 make less than \$1 million a year, and several dozen are sole proprietors.

The Recording Academy represents the voices of performers, songwriters, producers, engineers, and all music professionals. It represents only individuals and has no company or corporate members. The Academy advocates on behalf of music creators and celebrates artistic excellence through the GRAMMY Awards®—music's only peer-recognized accolade and highest achievement.

Together, we are very pleased to see that your proposal does not include provisions supported by the broadcasting industry, and radio broadcasters specifically, to allow radio stations owned by mega conglomerates to qualify if an individual location employs fewer than 500 people. PPP funds have proven challenging to secure, and opening up a pot of money to enormous companies that have other means of accessing capital, defeats Congress' laudable objective of targeting aid to businesses on the front lines in struggling communities.

As you may know, federal copyright law affords special treatment to broadcast radio over all other forms of music distribution in that radio stations do not have to pay a dime to recording artists and record labels for the public performance of sound recordings. The United States is

the only developed country in the world where this is the case and, as a result, music format radio stations make \$11 billion a year in advertising revenue without being required to compensate creators, whose product draws consumers to radio in the first place.

In the context of emergency aid, it is crucial to recognize that this unfair treatment under copyright law means that recording artists and labels feel zero downstream impact from taxpayer funded economic support to broadcasters. When PPP went to restaurants, for instance, that freed up capital for downstream economic benefit, flowing to food distributors, furniture suppliers, and others.

Under the current PPP requirements, many small local broadcasters have already received support, and we don't object to true small businesses accessing these funds. According to data released by the Small Business Administration, over 2,000 radio broadcasters have received as much as \$350 million in support. 25 of those companies have over 100 employees. Suffice it to say, the program is already very generous. But the five largest radio conglomerates in the country own over 1,900 stations, are anything but small, and should not qualify for this aid.

Thank you for your continued leadership and commitment to small businesses. We appreciate the principled and responsible position laid out by your proposal and welcome an opportunity to help with its enactment as part of the next relief package.

Sincerely,

/s/
Dr. Richard James Burgess
President and CEO
American Association of Independent Music

/s/
Daryl Friedman
Chief Advocacy Officer
Recording Academy