



**Hearing on “Reauthorization of the Satellite Television  
Extension and Localism Act”**

**United States House of Representatives  
Committee on Energy & Commerce  
*Subcommittee on  
Communications and Technology***

*March 12, 2014*

**Statement of Marci Burdick  
Schurz Communications, Inc.  
On behalf of the National Association of Broadcasters**

Good morning, Chairman Walden, Ranking Member Eshoo and members of this Subcommittee. I'm Marci Burdick. I am Senior Vice President of the Electronic Division for Schurz Communications. I supervise 13 radio stations and three cable companies. We own eight television stations and have operating partnerships with two others. I am testifying on behalf of the NAB, where I am the Television Board Chair.

The STELA legislation that the Committee is considering is, at its core, a satellite bill. Passed in 1988, this law was supposed to be a *temporary* fix to help satellite carriers better compete with cable by giving them permission to provide distant broadcast channels. 26 years later, satellite is providing local broadcast channels in nearly every DMA and are a thriving competitive alternative to cable. So while NAB questions the need for the bill, the draft produced by Chairman Upton and Chairman Walden is a product NAB can support.

Our primary interest in this legislation was to prevent the picking of marketplace winners and losers which is why we have asked for a clean bill. We are happy to see that this STELA draft steers clear of these kind of provisions. While cable and satellite companies sought to use STELA to gain leverage over broadcasters in retransmission consent negotiations, we continue to believe that free market negotiations are the most appropriate place to establish prices. As to any other broader changes to broadcasting, NAB firmly believes those should be debated as part of the comprehensive Communications Act update, recently launched by Chairmen Upton and Walden. Let me tell you why.

As you know, broadcasters may only operate with a license granted to us by the FCC and are, by far, its most regulated industry. It can be hard to flip a switch without getting permission from our regulator. Let me give you some examples: while our competitors are often large, national companies with no nationwide ownership caps, we may not own more than one TV

station in a market, and not more than 39% nationally. While our competitors may show provocative, cutting edge content at any time of the day, broadcasters live by decency rules that dictate what we may air. Broadcasters are saddled with innumerable regulations that are far more onerous than our cable and satellite competitors: public file requirements, children's programming rules, political advertising rules, and a slew of required reports and administrative filings.

For all of these onerous regulations, there are some benefits that broadcasters receive because we operate in the public interest. But if Congress opts to remove the benefits of being a broadcaster, then it should only be coupled with the removal of the burdens. Deregulation should not be limited to one player in an industry.

This is why we strongly urge this Committee to take full advantage of the Communications Act update. If your goal is

regulatory parity between the various video platforms seated at this table, a comprehensive examination is the only way to achieve it. We welcome that debate.

I'd like to spend the remainder of my time addressing Joint Sales Agreements, known as JSAs. These are agreements among broadcasters in a market for the joint sale of advertising. While often misunderstood, in reality, these agreements benefit the public, particularly in small and medium-sized markets, through improved news-gathering capabilities, increased local news and enhanced transmission facilities.

For instance, our JSA in Wichita provides the only Spanish language station in the state of Kansas. In Springfield, Missouri, our JSA helped take a struggling station to one that is winning awards for local news coverage.

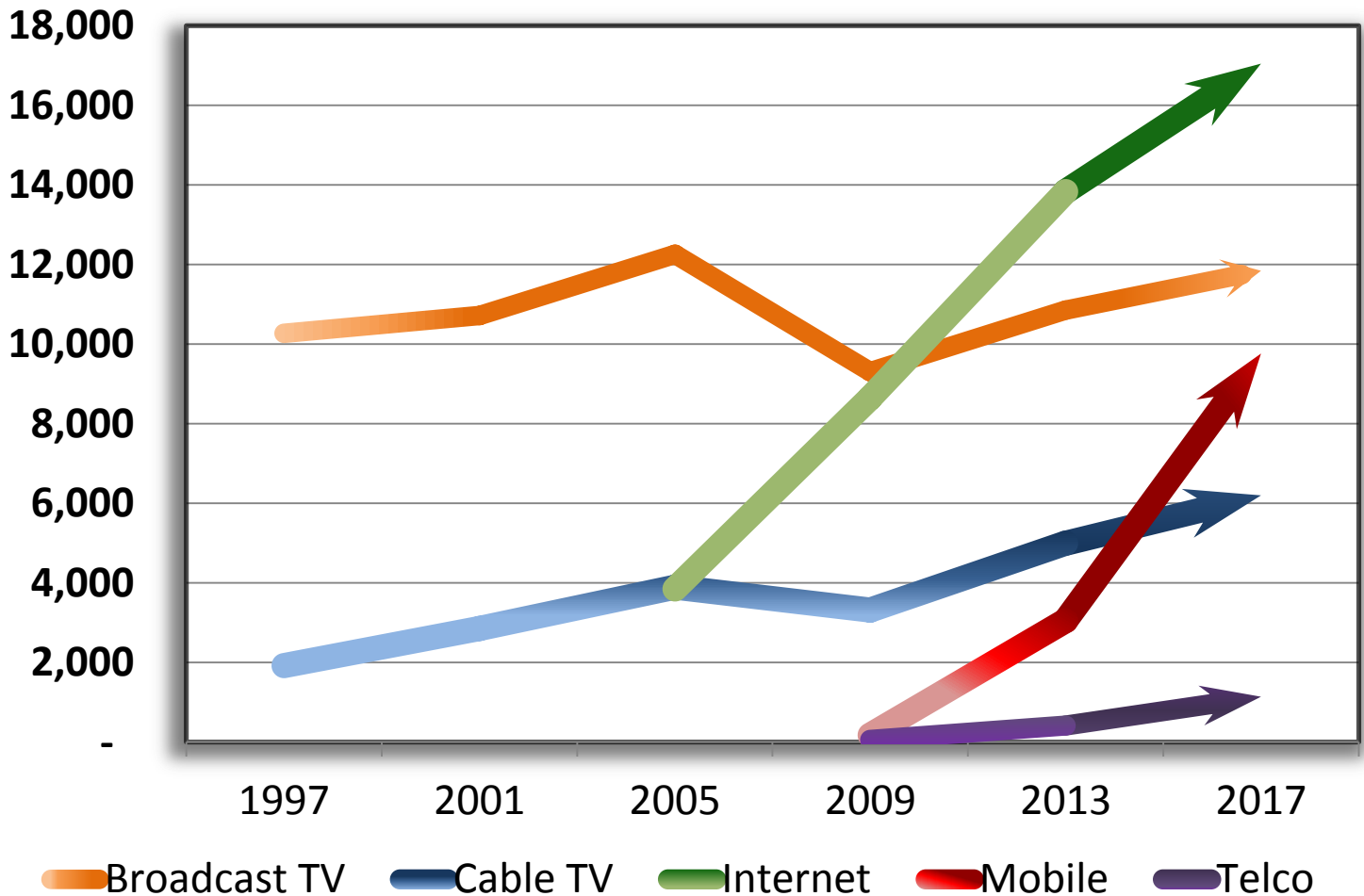
What we do strongly oppose is the extraordinarily regulatory path the FCC is taking to make television JSAs attributable for purposes of the broadcast ownership rules. The FCC's proposed rule will require broadcasters to unwind existing agreements, something unprecedented and amazingly disruptive to our business. Moreover, this rule is yet another example of how broadcasters are forced to play by one set of rules, while the rest of the video industry plays by another, which ultimately undermines marketplace competition.

The issue here is local competition for advertising dollars. Television stations fiercely compete not just with each other, but with cable, satellite and the Internet.

Although the FCC and DOJ have said broadcasters dominate local advertising, you can see in this SNL Kagan chart that we are seeing and expecting *big* gains by cable, Internet and mobile in their share of local advertising revenue.

## Local Advertising Revenue by Sector (\$ millions)

Source: SNL Kagan



This chart proves that today's local advertising market is far more than just local TV, but unfortunately we're being regulated like its 1960. And, importantly, for all the entities taking revenue OUT of a community, local broadcasters are the only ones putting it back through news and public service.

Strangely, the FCC apparently doesn't have the same concerns as it relates to cable. The same JSA-like agreements – called “interconnects” – are routine between cable, satellite and telcos for the joint sale of advertising. What you have are cable companies selling local advertising for its direct competitors, like DIRECTV, DISH and FiOS, yet they will continue unregulated.

In conclusion, we strongly support the bill's language that prevents the FCC from enforcing rules without first collecting empirical data studying the *real world* impact of JSAs. In reality, these agreements better serve the public interest. To ignore the market pressures facing broadcasting is dooming us to the fate of newspapers, and I hope this Committee will take an honest, fact-based look at the importance of these agreements to localism.

We appreciate the work of this Committee and I am happy to answer any questions.