

The pillars of this system are that we are going to have, be rooted in, the bedrock of a thriving private sector, not the tenuous ground of a public system that has proven costly and inefficient in other countries.

I believe we need to devote our working Congress to building a stronger system and involving the private sector within that system. History has proven this to be a tried and true method. We can bring down the number of insured. We can increase patient access. We can stabilize the physician workforce, and we can modernize through technology, and we can bring transparency into the system. Each of these goals is within our grasp if we only have the foresight and the determination, the political courage to achieve each goal.

Again, I referenced when I was a medical student in Houston, people would come from around the world to come to the Texas Medical Center for their care. There is a reason that people come from around the world to the United States for their health care and for their treatment. We are the best, but we must make adjustments to remain at the top of the game.

POTENTIAL LOSS OF INTERNET RADIO

The SPEAKER pro tempore (Mr. WILSON of Ohio). Under the Speaker's announced policy of January 18, 2007, the gentleman from Washington (Mr. INSLEE) is recognized for 60 minutes as the designee of the majority leader.

Mr. INSLEE. Mr. Speaker, I come to the floor of the House this evening to discuss the potential loss of Internet radio by Americans, a tremendous service that, because of Internet software and musical geniuses, 70 million Americans now enjoy the ability to listen to music by Web broadcasters over the Internet.

It is a tremendous service. It is as ingrained in a lot of Americans' daily lives as a cup of coffee and the morning newspaper.

Unfortunately, I have to inform the House that that service may be gone in a matter of a few weeks if we don't reach a resolution of a, frankly, wrong decision decided by the Copyright Royalty Board. What I am disturbed to report to my colleagues is that some time ago, March 2, 2007, we had a decision by a Federal agency, the ramifications of which would be to shut down the ability of Americans, on a realistic basis, to continue to enjoy Internet-based radio.

The reason this happened is that this board was given the authority to set the royalty that should be paid by Webcasters who stream out this great music, by the way, tremendously diverse music. One of the great things Americans love about Internet radio is you have such eclectic, different types of music, not just top 40. You know, I haven't progressed past the Beach Boys in the 1960s, but there are a lot of kinds of other music. Internet radio has been

tremendous by allowing people to enjoy thousands of different genres and types of music.

But now this Copyright Royalty Board has issued a decision which will explode the royalty that these Webcasters are forced to pay to those who generated the music, to the extent that it will make it totally economically impossible for these businesses and these Webcasters to continue to stream music to the 70 million Americans who now enjoy it.

We need to fix this problem. We need to fix it urgently, because the decision will, this guillotine will come down on July 15 if either Congress doesn't act or an agreement is not reached between the parties to adjust this copyright fee that will have to be paid by the Webcasters.

So we need to fix this problem, and, in doing so, we need to do it in a way that is fair to the musicians and artists who create the music that 70 million Americans enjoy over the Internet. These artists work hard in producing this music. They share their genius. It's an artistic gift they have, and they share it with Americans. They need to be compensated fairly to allow them to maintain their business model as well.

Unfortunately, this was a wildly disproportionate decision by this board that is grossly unfair to the distributors of music and simply will allow them not to continue in business. And to give folks a feeling of how distorted this decision will be, I would like to refer to this graph which shows Internet radio per-song royalty rates under preexisting law starting in 2005, that started at \$.00008 dollars in 2005, and by 2010, we will have foisted on us 149 percent increase in these royalty rates.

I am not sure any business model can tolerate a three-fold increase just in the per-song royalty rates that these folks are having to undergo. Unfortunately, this royalty rate means about a 300 percent increase for big Webcasters. But because of the particular rules here, it's a 1,200 percent increase for small Webcasters, so the small Webcasters, which are the vast majority of Webcasters will be hit potentially by 1,200 percent increases.

Now, this board, this Copyright Royalty Board has refused to reconsider their decision. What it means in the real world is the Internet going silent. Many of the stations a few days ago went silent to demonstrate and to protest its decision. I know Americans are disturbed by this, and they are now talking to my colleagues. I know thousands of them have communicated with my colleagues as a result of this, so we need to fix this problem.

I know in my district, I am from an area just north of Seattle, First District in the State of Washington, we have a Webcaster called Big R Radio. They stream to over 15,000 listeners who enjoy their product. But because of this decision, their rates are going to go up to a level, and you have got to understand how bad this is, the rates

they would have to pay just for their royalties, not for their overhead, their rent, their salaries, the royalties they would have to pay for this exceed by 150 percent the revenues that this business is getting in.

Well, obviously, that's untenable, and this company will have to either go offshore or simply shut down if some change is not made. That is bad for Big R Radio, the company, and it's bad for the 15,000 people that enjoy their music right now. We need to fix this problem.

So the first damage that was done is this per-song radio royalty, but there was another, perhaps even more odious thing that this board did, the pre-existing rule required a \$500 charge, or, excuse me, a per-station minimum fee. This new ruling required a \$500 charge for each streaming station that they offered. Webcasters, of course, stream under certain channels. But under this decision, there was no limit on the amount total in this per streaming channel that would be placed. Many, if not most Webcasters, have multiple channels.

So, if you look at what it will cost, just three of these Webcasters, Pandora, RealNetworks and Yahoo, because they are getting socked with this \$500 per channel, and they broadcast literally thousands of channels with no limit, just those three Webcasters would have to pay \$1.15 billion, with a B. These rates will dwarf the radio-related revenues by substantially more than \$1 billion.

In other words, it will charge these businesses more than \$1 billion more than the revenues they generate from this business. That's absurd. It's ridiculous. It has no relationship to economic reality, and it is a government glitch, a foul-up of the highest order that needs to get repaired.

This would result in 64 times more the total royalties collected by the group called SoundExchange that collects these royalties in 2006, an increase of more than, this is a pretty amazing number to me, 10 million percent over the minimum fee of \$2,500 per licensee. Clearly, this is beyond the realm of economic reality.

Finally, this royalty board, the third thing that they did, they eliminated the percentage of revenue fees that many small Webcasters use to determine their performance royalty, which would be severely damaging to small Webcasters. So, to put this in perspective, in a global sense, I want to refer to what this will mean in total royalties.

If you look at this chart, you show total royalties in 2004 of \$10 million. The estimated fee under the old royalty rule in 2006 would be \$18 million. But under this decision, this flawed decision, it will actually be \$1.150 million. So if you want to see the difference graphically of what the old royalty would be in 2006, this bubble would go to this supernova, I would call it, in 2006. This is untenable. It needs to be fixed.