MMTC
Multicultural Media, Telecom and Internet Council

3636 16th Street N.W. Suite B-366
Washington, D.C. 20010
Phone: 202-332-0500 Fax: 202-332-7511
www.mmtconline.org

April 13, 2015

William Lake, Esq.
Chief
Media Bureau
Federal Communications Commission
445 12th St. S.W.
Washington, DC 20554

Dear Mr. Lake:

RE: Sponsorship ID Rules Waiver Petition, MB Docket No. 15-52

The Multicultural Media, Telecom and Internet Council (MMTC) is pleased to express its endorsement of the Petition for Class Waiver, filed by the Radio Broadcasters Coalition on November 26, 2014.

MMTC operates the industry's only hands-on training program for broadcast new entrants, and since 1986 we've served as the nation's leading civil rights advocate for broadcast ownership diversity.

The petition contemplates that most sponsorship ID information could migrate online. Once there, the information would be more easily accessible by consumers than information inserted into a broadcast, because they could access it free of interruption when and where they wanted to do so. The petition, quite properly, is also narrowly drawn to focus on music and sports programming rather than on news.

As we advised the Commission in the 2008 Localism proceeding, non-critical command and control regulations may "have a disproportionate negative impact on minority broadcasters" because of most minority broadcasters' "relatively small size and limited access to capital."[1] Sponsorship ID requirements are a classic regressive sunk cost whose burden in dollars is essentially fixed for all broadcasters. Sponsorship ID announcements are aired during time that could otherwise be sold to advertisers, and may further erode audiences (and thus advertising revenues) by causing those who find the announcements to be an unwelcome disruption to change the channel. Because small broadcasters typically capture less advertising revenue than larger broadcasters, the cost of sponsorship ID announcements represents a relatively greater percentage of the total operating costs faced by small broadcasters.

A regressive regulation can have profound consequences on minority broadcasters' competitiveness. As we pointed out in the Localism proceeding:

> Suppose a new investor is presented with two otherwise equally qualified candidates: a nonminority broadcaster that can offer a 30% ROI, and a minority broadcaster which … can only offer a 25% ROI. Since capital goes where it's welcome, the non-minority broadcaster would receive all of the newly invested capital and the minority broadcaster would receive an investment of zero.[2]

Thus, approval of the waiver would be of particular benefit to minority broadcasters and would contribute to create a climate favoring minority broadcasters' access to capital.

---

[1] *See* MMTC and ISBA Comments, Broadcast Localism, MB Docket No. 04-233 (filed April 28, 2008), p. 1.

[2] *See* MMTC and ISBA Supplemental Comments, Broadcast Localism, MB Docket No. 04-233 (filed May 18, 2008), p. 6.

For this reason, MMTC encourages the Commission to grant the petition. Further, whenever the Commission is presented with a request for re-regulation or deregulation, it should incorporate into its decision an evaluation of the proposal's impact on minority ownership.[3]

Respectfully submitted,

Kim M. Keenan

Kim M. Keenan
President and CEO

[3] The classic example of how the agency should reassess longstanding policies in light of their detrimental impact on minority ownership is Revision of Application for Construction Permit for Commercial Broadcast Station (FCC Form 301) and Modification of Processing Standards for Determining the Financial Qualifications of Broadcast Station Purchasers, 87 FCC2d 200, 201 (1981) ("Ultravision Repeal"), which repealed Ultravision Broadcasting Co., 1 FCC2d 544, 547 (1965). In Ultravision, the Commission required applicants for construction permits to prove that they had funds available to support a full year of operation without revenue. Ultravision was repealed (and replaced with a much more reasonable three-month cash reserve requirement) because it "conflicts with Commission policies favoring minority ownership and diversity because its stringency may inhibit potential applicants from seeking broadcast licenses." Ultravision Repeal, 87 FCC2d at 201.