NEWS

Federal Communications Commission
445 12th Street, S.W.
Washington, D. C. 20554

News media Information 202 / 418-0500
Fax-On-Demand 202 / 418-2830
TTY 202/418-2555
Internet: http://www.fcc.gov
ftp.fcc.gov

FOR IMMEDIATE RELEASE:
May 30, 2000

News Media contact:
David Fiske (202) 418-0513

FCC ISSUES BROADCAST OWNERSHIP BIENNIAL REVIEW REPORT; WILL BEGIN RULEMAKINGS ON DUAL NETWORK, RADIO MARKET DEFINITION, EXPERIMENTAL STATION AND NEWSPAPER/BROADCAST CROSS-OWNERSHIP

Washington. DC -- The FCC has completed its Biennial Review of its broadcast ownership rules and proposes to retain, but modify three rules: (1) the dual network rule to allow common ownership of an established TV network (ABC, CBS, FOX, NBC) and an emerging network (WBTN or UPN); (2) the definition of local radio markets and the methods of calculating the number of stations in a market and the number of radio stations a party owns in a particular market; and (3) the newspaper/broadcast cross-ownership rule so that it is tailored to cover those situations where it is necessary to protect the public interest. The Commission also proposes to eliminate its restriction on multiple ownership of experimental broadcast stations.

The Commission will issue separate Notices of Proposed Rulemaking (NPRM) to seek public comment in each of these areas.

The Commission voted to retain the local radio ownership limits; the 35% national television household ownership cap; and the cable system/television station cross-ownership rules. The FCC also indicated that it will examine the 50% UHF discount near the completion of the transition to DTV.

Dual Network Rule: The Commission said that the opportunity for broadcast networks to create and maintain multiple broadcast networks may place networks on more equal footing with cable, satellite, and other multichannel video programming distributors. It noted that since the emerging networks (UPN and WB) are nascent subsidiaries of large program producers, their merger with a major network, (ABC, CBS, FOX or NBC) may permit realization of substantial economic efficiencies without undue harm to FCC diversity and competition goals. The NPRM will seek comment on what, if any, safeguards should be imposed. The Commission said, however, that any merger of the four major networks would raise significant competition and diversity concerns, and declined to eliminate that prohibition.

Local Radio Ownership Rules: The Commission concluded that the local radio ownership limits generally continue to serve the public interest. It noted that there currently are hundreds of fewer licensees, and in many communities far fewer radio licensees, competing against each other. It said the existing limitations remain necessary to prevent further diminution of competition and diversity in the industry.

Radio Market Definition: The Commission said it would issue an NPRM to address concerns about its administration of the local radio ownership rule, including its method of defining radio markets, counting the number of stations within them, and counting the number of stations owned by a party in a radio market. The NPRM will address whether the FCC should use Arbitron market definitions, rather than its current overlapping signal contours standard, to obtain a more accurate measure of radio markets. The NPRM will also address the FCC's counting methodology. The Commission also noted that its current methodology may produce unrealistic results in certain circumstances where a station is counted as being in a market but is not counted against a licensee's cap on the number of stations it may own in that market.

Experimental Broadcast Station Rule: The Commission said that rules limiting multiple ownership of experimental radio stations, which are licensed to develop and advance new technology, could be eliminated. It said that existing rules requiring the stations to operate for research purposes and both barring imposition of charges for transmitting programming or offering a regular program service are sufficient to provide safeguards against experimental station commercial abuses that the rules were aimed at.

Newspaper/Broadcast Cross-Ownership Rule: The Commission concluded that the newspaper/broadcast cross-ownership rule should, as a general matter, be retained because it continues to serve the public interest by furthering the important public policy goal of viewpoint diversity. The Commission recognized that media markets have undergone changes since this rule was adopted, but found that these changes have been insufficient to justify repeal of the rule. In this regard, it observed that many of the new media outlets do not yet appear to be substitutes for newspapers or broadcast stations on the local level for diversity purposes. The Commission acknowledged that the efficiencies of combined newspaper/broadcast operation might produce more public affairs or news programming. It noted, however, that this result did not necessarily advance the Commission's goal of viewpoint diversity because, without a diversity of ownership or editors, there would be no real diversity of viewpoints.

Notwithstanding its general conclusion that the rule should be retained, the Commission recognized that there might be situations in which the rule may not be necessary to protect the public interest in diversity and competition. There may be instances, for example, in which, given the size of the market and the size and type of the newspaper and broadcast station involved, sufficient diversity and competition would remain even if a newspaper/broadcast combination were allowed. The Commission indicated that it would examine in greater detail such situations.

National TV Ownership Rule: The Commission determined to retain the 35% aggregate national television audience reach of a television group. It said the effects of recent FCC changes to the local television "duopoly" rule should be observed and assessed before making any alteration to the national limit. It also said the trend, since the cap was increased to 35% in 1996, of many group owners acquiring large numbers of stations nationwide needs further observation before making any changes in the cap.

UHF Discount: The Commission said the portion of the national television ownership rule that only counts 50% of the audience of a market for a UHF station in determining aggregate audience reach remains necessary in the public interest for the present time. It noted that one third of American viewers still do not obtain their local TV signals over a cable television system, and that because of the weaker UHF signal in these cases, there still is disparity between VHF and UHF television justifying retention of the rule. It noted, however, that this disparity should be rectified by digital television, and that near the completion of the transition to DTV, the Commission will issue an NPRM proposing a phased-in elimination of the discount.

Cable/Television Cross-Ownership Rule: The Commission said the local cable system/television cross-ownership bar should be retained because it furthers the FCC goal of competition in the delivered video programming market. It noted that despite an array of participants in the market, 67% of television households subscribe to cable. It also noted that while Commission rules prohibit certain types of discrimination by a cable system in favor of co-owned television stations, other forms of discrimination exist that could degrade competition in the delivered video programming market.

Action by the Commission May 26, 2000, by Report (FCC 00-191). Chairman Kennard and Commissioner Ness with Commissioners Furchtgott-Roth and Powell concurring in part and dissenting in part and Commissioner Tristani approving in part and dissenting in part, with respect to the dual network rule. All are issuing separate statements.

– FCC –

Mass Media Bureau Contacts: Roger Holberg (202) 418-2134, Dan Bring (202) 418-2170