

C O U N C I L F O R



Thomas A. Schatz
President

June 17, 2014

The Honorable Patrick J. Leahy
Chairman
Senate Judiciary Committee
224 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Charles Grassley
Ranking Member
Senate Judiciary Committee
224 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Leahy and Ranking Member Grassley,

On behalf of the more than one million members and supporters of the Council for Citizens Against Government Waste (CCAGW), I urge you to add provisions that eliminate outdated regulatory schemes, such as retransmission consent agreements and must-carry provisions of the Cable Act of 1992, during the mark up of S. 2454, the Satellite Television Access Reauthorization Act of 2014 (STELA) on June 19, 2014. These changes to the legislation would reflect the current, competitive marketplace, which includes satellite TV, and are therefore appropriate to be included in any reauthorization of STELA.

When Congress passed the Cable Act of 1992 in response to cable television rate increases following deregulation, a lack of competition in the cable marketplace, and the concern of broadcasters that their local stations would not be carried by cable companies, it did not foresee the rapid growth and innovation that has occurred in the commercial video marketplace. Television has changed vastly since the days analog signals carried only three major networks and one or two other channels. Today there is a wide range of viewing options available to consumers, ranging from cable and fiber optic networks on the ground, to satellite feeds and online distribution of programming. Rather than dealing with a single cable monopoly, broadcasters can choose among multiple providers, and as a result now hold enormous negotiating power under outdated retransmission consent rules. This re-balancing of power has led to service disruptions and increases in the cost of service for consumers.

Proponents of the status quo have argued that retransmission is good for the free market and that broadcast television programming would be threatened if the law was modified or retransmission was terminated. However, it appears from past negotiation history that multichannel video programming distributors (MVPDs) such as cable, satellite and fiber providers are at a distinct disadvantage in the negotiating process. The existing system is not pro-competition and fails to protect consumers. Short of disposing of retransmission consent agreements and must-carry provisions altogether, I encourage you to eliminate the ban on MVPDs from disconnecting service during sweeps week, and eliminating a broadcaster's right to placement on the basic tier in order to provide for a level playing field in negotiations.

Government rules and regulations should drive businesses into the twenty-first century, not hold them back. In retransmission consent negotiations, consumers lose viewing time and pay increased costs.

I strongly urge you to include in STELA reauthorization legislation provisions that will remove the regulatory interventions that impede the free market, such as must-carry and retransmission consent.

Sincerely,

Thomas A. Schatz

cc: Senate Judiciary Committee Members