

Broadcast Client Advisory: FY 2013 Regulatory Fee Proposals

Executive Summary: The FCC has issued a schedule and explanation of the annual regulatory fees it proposes to collect late this Summer for Fiscal Year 2013. It also has proposed a change in its methodology that most likely will increase the fees owed by broadcasters by approximately 7%.

As a result of the Congressional appropriation agreement, the total amount that must be collected remains the same as last year - \$339,844,000. However, the FCC seeks to rebalance the amounts to be assessed upon the licensees of each of its primary bureaus. Since 1998, when regulatory fees were first implemented, 30.2% of the total has been allocated to the Media Bureau, based upon the distribution of equivalent full-time employees at that time. A more recent analysis reveals that the percentage of Commission employee resources that are devoted to Media Bureau matters has risen to 37.5%. However, due to a cap of 7.5% on rate increases in any given year, the Media Bureau allocation for FY 2013 would rise only to 33.33%. (Presumably, most of the remainder would be applied to a further increase in FY 2014.)

As in past years, the FCC will further divide the Media Bureau allocation among the various types and categories of mass media licensees. Its basic approach (market size for TV, class and estimated population coverage for radio) would remain the same. Even so, the Commission clarifies that it intends to assess a single fee upon Low Power, Class A, TV Translator and TV Booster facilities that are operating in either analog, digital or simulcast modes. In addition, the Commission proposes to no longer differentiate between VHF and UHF television, replacing their current categories with uniform digital television fees for markets 1-10, 11-25, 26-50, 51-100 and 101+. However, that change would not take place until FY 2014, so the distinction between VHF and UHF fee categories would remain for this year.

The FCC has also proposed that this will be the last year when paper and check transactions will be accepted for regulatory fee payments. Beginning October 1, 2013 (that is, after the deadline for this year's regulatory fees), the Commission will "go paperless" and require credit card, wire transfer or ACH payment.

We attach charts comparing the regulatory fees assessed last year and proposed for this year. The new figures assume the higher assessment to the Media Bureau. As a result of the 7.5% cap on the proposed Media Bureau increase, most broadcast fees have risen by 7.5% (subject to rounding).

Technically, this is merely proposed rulemaking, and the Commission is soliciting comments on its proposals. Even so, if prior years are any guide, it is highly likely that the Commission will implement its proposed fees for FY 2013 without significant changes.

We will keep you advised of further developments. In the meantime, please let us know if you have any questions concerning, or wish to comment upon, the Commission's proposals.

RADIO STATION REGULATORY FEES (2012)						
Population Served	AM Class A	AM Class B	AM Class C	AM Class D	FM Classes A, B1 & C3	FM Classes B, C, C0, C1 & C2
<=25,000	\$725	\$600	\$550	\$625	\$700	\$875
25,001-75,000	\$1,475	\$1,225	\$850	\$950	\$1,425	\$1,550
75,001-150,000	\$2,200	\$1,525	\$1,125	\$1,600	\$1,950	\$2,875
150,001-500,000	\$3,300	\$2,600	\$1,675	\$1,900	\$3,025	\$3,750
500,001-1,200,000	\$4,775	\$3,975	\$2,800	\$3,175	\$4,800	\$5,525
1,200,001-3,000,000	\$7,350	\$6,100	\$4,200	\$5,075	\$7,800	\$8,850
>3,000,000	\$8,825	\$7,325	\$5,325	\$6,350	\$9,950	\$11,500

PROPOSED FY 2013 RADIO STATION REGULATORY FEES						
Population Served	AM Class A	AM Class B	AM Class C	AM Class D	FM Classes A, B1 & C3	FM Classes B, C, C1 & C2
<=25,000	\$775	\$650	\$600	\$675	\$750	\$950
25,001-75,000	\$1,575	\$1,325	\$925	\$1,025	\$1,525	\$1,675
75,001-150,000	\$2,375	\$1,650	\$1,200	\$1,725	\$2,100	\$3,100
150,001-500,000	\$3,550	\$2,800	\$1,800	\$2,050	\$3,250	\$4,025
500,001-1,200,000	\$5,125	\$4,275	\$3,000	\$3,425	\$5,150	\$5,950
1,200,001-3,000,000	\$7,900	\$6,550	\$4,525	\$5,450	\$8,375	\$9,525
>3,000,000	\$9,475	\$7,875	\$5,725	\$6,825	\$10,700	\$12,375

OTHER REGULATORY FEES

	2012	Proposed 2013
AM Construction Permits	550	590
FM Construction Permits	700	750
TV VHF – Markets 1-10	80,075	86,075
Markets 11-25	73,475	78,975
Markets 26-50	39,800	42,775
Markets 51-100	20,925	22,500
Remaining Markets	5,825	6,250
Construction Permits	5,825	6,250
TV UHF – Markets 1-10	35,350	38,000
Markets 11-25	32,625	35,000
Markets 26-50	21,925	23,400
Markets 51-100	12,750	13,575
Remaining Markets	3,425	3,675
Construction Permits	3,425	3,675
Satellite Television Stations (All Markets)	1,425	1,525
Construction Permits	895	960
Low Power TV, TV/FM Translators & Boosters	385	415
Broadcast Auxiliary	10	10
Earth Stations	275	250

If you would like additional information, please contact [Peter Gutmann](#) or any member of the firm's [Communications Law](#) Group.

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