

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Assessment and Collection of Regulatory Fees	)	MB Docket No. 19-105
for Fiscal Year 2019	)	
	)	
	)	
	)	

To The Commission

**COMMENTS OF THE MULTICULTURAL MEDIA,  
TELECOM AND INTERNET COUNCIL AND THE NATIONAL  
ASSOCIATION OF BLACK OWNED BROADCASTERS**

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## Summary

New entrants and small broadcasters often face significant difficulties in accessing the capital needed to purchase broadcast stations in the secondary market, participate in Commission broadcast auctions for new construction permits, and remain competitive. To address these issues, the Commission adopted a broadcast incubator program intended to create ownership opportunities for new entrants and small businesses and promote competition and diversity in the broadcasting industry. Nevertheless, additional financial obligations, such as regulatory fees, may render it more difficult for incubated entities to thrive under the program. Consequently, we propose that the Commission exempt incubated stations from payment of regulatory fees for the full eight-year term of the license in which their incubation period is contained. Since the Commission can delegate authority to provide this relief to the Media Bureau case-by-case, the Commission should declare that the Bureau is authorized to issue routine waivers of regulatory fees.

### **I. The Incubator Program Highlights the Financial Struggles New Entrants Face.**

On August 2, 2018, the Commission adopted a broadcast incubator program.<sup>1</sup> The program is intended to “create ownership opportunities for new entrants and small businesses, thereby promoting competition and diversity in the broadcast industry.”<sup>2</sup> Incubators will “provide . . . incubated entities . . . with the training, financing, and access to resources that would be otherwise inaccessible to these entities.”<sup>3</sup> After a three-year incubation period, incubated

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<sup>1</sup> See Press Release, FCC Establishes Incubator Program Procedures to Increase Diversity in the Broadcast Industry (August 2, 2018), available at <https://www.fcc.gov/document/fcc-establishes-requirements-govern-incubator-program> (last accessed June 4, 2019).

<sup>2</sup> See *Rules & Policies to Promote New Entry & Ownership Diversity in the Broadcasting Services*, Report and Order, 33 FCC Rcd 7911 ¶1 (2018) (“2018 Diversity R&O”).

<sup>3</sup> *Id.* at 7913 ¶6.

entities should be better positioned to operate successfully on their own. The Commission noted that “new entrants and small broadcasters often face significant difficulties in accessing the capital needed to purchase broadcast stations in the secondary market or to participate in Commission broadcast auctions for new construction permits.”<sup>4</sup>

## **II. The Commission Should Waive Regulatory Fees for Incubated Stations.**

To assist incubated stations in attracting capital and in meeting the cash flow requirements of investors, the Commission should exempt incubated stations from the payment of regulatory fees for the full eight-year term of the license in which their incubation period is contained.

The Commission acknowledges that new entrants struggle with access to capital.<sup>5</sup> Regulatory fees for an eight-year license term can make a significant difference for a small new entrant. For example, as shown below, the license term regulatory fees in a mid-sized (1.5M pops) market for a Class D AM station add up to \$44,000 – enough to equip most state of the art broadcast studios.

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<sup>4</sup> *Id.* at 7915 ¶12.

<sup>5</sup> *See* 2018 Diversity R&O at ¶1, noting that:

We recognize the need for more innovative approaches to encourage access to capital, as well as technical, operational, and management training, for those new entrants and small businesses that, without assistance, would not be able to own broadcast stations. Thus, the incubator program is designed with those specific entities in mind — small businesses, struggling station owners, and new entrants that do not have any other means to access the financial assistance and operational support the incubator program seeks to provide.

<b>Proposed FY 2019-2027 (8 YEAR) RADIO STATION REGULATORY FEES<sup>6</sup></b>						
<b>Population Served</b>	<b>AM Class A</b>	<b>AM Class B</b>	<b>AM Class C</b>	<b>AM Class D</b>	<b>FM Classes A, B2 &amp; C3</b>	<b>FM Classes B, C, C0, C1 &amp; C2</b>
<b>&lt;=25,000</b>	\$8,000	\$6,080	\$5,280	\$5,800	\$9,200	\$10,600
<b>25,001 – 75,000</b>	\$12,600	\$9,200	\$7,920	\$8,000	\$13,800	\$16,000
<b>75,001 – 150,000</b>	\$19,000	\$13,600	\$11,800	\$13,000	\$20,800	\$23,800
<b>150,001 – 500,000</b>	\$28,400	\$20,600	\$17,800	\$19,600	\$31,000	\$35,800
<b>500,001 – 1,200,000</b>	\$42,600	\$30,800	\$26,800	\$29,400	\$46,600	\$53,600
<b>1,200,001 – 3,000,000</b>	\$63,800	\$46,200	\$40,200	\$44,000	\$70,000	\$80,600
<b>3,000,001 – 6,000,000</b>	\$95,600	\$69,200	\$60,200	\$66,000	\$104,800	\$120,800
<b>&gt;6,000,000</b>	\$143,600	\$10,400	\$90,200	\$99,200	\$157,200	\$181,200

### **III. The Media Bureau has the Authority to Grant Waivers on Behalf of the Commission.**

The Commission affords the Media Bureau the power to act on matters the Commission regards as routine or noncontroversial.<sup>7</sup> The Bureau “develops, recommends and administers the policy and licensing programs for the regulation of media, including cable television, broadcast television and radio, and satellite services in the United States and its territories.”<sup>8</sup> It has the

<sup>6</sup> Fees were multiplied by eight to reflect projected total fees for a license period based on the proposed 2019 fees. *See* Assessment and Collection of Regulatory Fees for Fiscal Year 2019, Notice of Proposed Rulemaking, MD Docket No. 19-105, FCC 19-37, Appendix B (May 8, 2019).

<sup>7</sup> *See* 47 C.F.R. §0.61 (2019) (“The Bureau will, among other things: Process applications for authorization, assignment, transfer and renewal of media services, including AM, FM, TV, the cable TV relay service, and related services . . . administer and enforce rules and policies regarding radio and television broadcast industry services”); *see also* 47 C.F.R. §0.283 (2019) (“The Chief, Media Bureau, is delegated authority to perform all functions of the Bureau, described in §0.61”).

<sup>8</sup> 47 C.F.R. §0.61 (2019).

power to grant waivers on delegated authority,<sup>9</sup> under which “the Bureau advises and recommends to the Commission, or acts for the Commission . . . in matters pertaining to . . . broadcast radio . . . and associated matters.”<sup>10</sup> Although the Commission does not grant blanket waivers of regulatory fees, allowing the Bureau to review and routinely process individual waiver applications on delegated authority would efficiently provide financial assistance to incubated stations. The Commission should state in this proceeding that the Bureau is authorized to issue routine waivers of regulatory fees for incubated stations for the entire eight-year renewal terms that encompass a (typically) three-year incubation period.

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<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

Respectfully submitted,

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