

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

In the Matter of)	
)	
2006 Quadrennial Regulatory Review – Review of the Commission’s Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996)	MB Docket No. 06-121
)	
2002 Biennial Regulatory Review – Review of the Commission’s Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996)	MB Docket No. 02-277
)	
Cross-Ownership of Broadcast Stations and Newspapers)	MM Docket No. 01-235
)	
Rules and Policies Concerning Multiple Ownership of Radio Broadcast Stations in Local Markets)	MM Docket No. 01-317
)	
Definition of Radio Markets)	MM Docket No. 00-244
)	
Ways to Further Section 257 Mandate and To Build on Earlier Studies)	MB Docket No. 04-228
)	

REPLY COMMENTS OF ION MEDIA NETWORKS

ION Media Networks (“ION”), by its attorney, hereby submits these Reply Comments in further support of increased diversity in the broadcasting industry.¹ ION has a significant

¹ ION believes these reply comments relate generally to the Commission’s ongoing review of its media ownership rules, but also recognizes that reply comments on the Commission’s *Second Further Notice* were due on October 16, 2007. See 2006 Quadrennial Regulatory Review – Review of the Commission’s Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996, *Second Further Notice of Proposed Rulemaking*, MB Docket Nos. 06-121, 02-277 and 04-228, MM Docket Nos. 01-235, 01-317, and 00-244, FCC 07-136 (rel. Aug. 1, 2007) (“*Second Further Notice*”). To the extent these

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interest in this proceeding as the owner and operator of the nation's largest broadcast television station group, reaching over 94 million U.S. television households via its nationwide broadcast television stations and through cable and satellite distribution. ION is also an independent network television broadcasting company, featuring programming such as popular TV series and movies from the award-winning libraries of Warner Bros., Sony Pictures Television and CBS Television, among others. Utilizing its digital multicasting capability, ION has also launched several digital television brands, including qubo, a television and multimedia network for children, and ION Life, a television and multimedia network dedicated to health and wellness for consumers and families.

ION historically has supported Commission rule changes and initiatives aimed at advancing diversity in broadcast ownership, many of which are presented in the *Second Further Notice*. As has been demonstrated by the few comments already filed, ION believes there are positive steps the Commission can take now to increase diversity of broadcast ownership. At the same time, however, ION also urges the Commission to study the issue of minority ownership carefully and thoroughly through the use of an expert independent, bipartisan panel.

I. INITIAL STEPS TO PROMOTE MINORITY OWNERSHIP SHOULD BE TAKEN TODAY.

ION and its predecessor organization, Paxson Communications Corporation, has advanced proposals to increase minority, female and small business broadcast ownership for many years. For example, as far back as 1992, ION strongly endorsed a Commission proposal to facilitate the entry of minority-owned and other small businesses into the broadcasting industry

reply comments are considered late-filed, ION urges the Commission to consider them as part of the record as an *ex parte* filing.

through an incubation program.² Recognizing the reluctance of traditional lending institutions to fund less experienced companies' acquisition of stations in small to medium sized markets, ION urged the Commission to permit broadcasters to incubate new entrants through loans, loan guarantees and non-attributable investment.³ ION submits that this incubation proposal merits serious consideration today as financing remains a serious impediment to diversifying broadcast ownership. ION also asked the Commission to allow existing broadcasters to further support new entrants by permitting consolidation of infrastructure through shared studios, personnel, engineering functions and administrative operations, while at the same time keeping programming functions completely separate.⁴ This proposal is also worthy of consideration at this time as another financial, cost saving tool, to encourage new diverse media ownership.

Later, ION supported lifting structural ownership limitations for minority-owned businesses or other new market entrants.⁵ Again, ION urged the Commission to “explore and adopt meaningful incentives to increasing new entrant and minority ownership of broadcast stations” given that the “financing and programming barriers to new entrant and minority ownership simply will not go away by themselves.”⁶ Today, ION agrees with the Diversity and Competition Supporters, represented by the Minority Media and Telecommunications Council,

² Comments of Paxson Enterprises, Inc., In re Revision of Radio Rules and Policies, *Memorandum Opinion and Order/Further Notice of Proposed Rulemaking*, MM Docket No. 91-140 (filed Oct. 30, 1992).

³ *Id.* at 2; 8-9.

⁴ *Id.* at 9-14.

⁵ Reply Comments of Paxson Communications Corporation, 1998 Biennial Regulatory Review – Review of the Commission’s Broadcast Ownership Rules and other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996, *Notice of Inquiry*, MM Docket 98-35 (filed Aug. 21, 1998).

⁶ *Id.* at ii.

that the Commission should lift the “market entry barriers that prevent one-third of America’s citizenry from full enjoyment of the nation’s most influential industries.”⁷

As a starting point, ION agrees with Chairman Martin and Commissioners Tate and McDowell that the Commission should put its full weight behind efforts to reinstitute the tax certificate program.⁸ Tax certificates can provide market-based incentives to encourage the sale of broadcast properties to small, female and minority-controlled entities and were extraordinarily successful in increasing minority broadcast ownership until they were repealed by Congress in 1995. Broadcasters have broadly supported tax incentive legislation and the Commission should work with Congress to ensure legislation is passed this year.⁹

ION also agrees with proposals to loosen various Commission ownership restrictions in ways that will enhance a minority business’s ability to raise capital and acquire stations. For example, Chairman Martin and NAB have both discussed narrowing the “Equity Debt Plus” attribution rule so as to allow more flexibility for minority-owned businesses to raise capital and receive support from existing broadcasters.¹⁰ Similarly, allowing the intact transfer of

⁷ Comments of the Minority Media and Telecommunications Council (“MMTC”), MB Docket No. 04-228, filed Oct. 1, 2007 at 5.

⁸ See Kevin J. Martin, Remarks at Rainbow Push Coalition and Citizen Education Fund Media & Telecommunications Symposium (Oct. 12, 2007) at http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-277312A1.pdf (“Martin Rainbow Push Speech”); Deborah Taylor Tate, Remarks at Minority Media and Telecommunications Council Fifth Annual Access To Capital and Telecommunications Policy Conference (July 16, 2007) at http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-276091A1.pdf; Robert M. McDowell, National Hispanic Foundation for the Arts Noche de Gala (Oct. 2, 2007) at http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-277106A1.pdf. See also *Second Further Notice*, Appendix A, proposal 24; Comments of Spanish Broadcasting System, Inc., MB Docket No. 04-228, filed Oct. 22, 2007 at 2-7.

⁹ See, e.g., Comments of the National Association of Broadcasters (“NAB”), MB Docket No. 04-228, filed Oct. 1, 2007 at 3-4 (discussing legislation introduced by Congressman Charles Rangel and Bobby Rush).

¹⁰ NAB Comments at 6-7; Martin Rainbow Push Speech. See also *Second Further Notice*, Appendix A, proposal 8; Comments of Spanish Broadcasting System, Inc. at 9-10.

grandfathered clusters of stations to minority-owned or small businesses also will provide market-based incentives to promote minority broadcast ownership.¹¹ Of course ION continues to support proposals it has supported in the past, such as allowing structural rule waivers for both incubator programs¹² and for station sales to minority or small business entities.¹³

II. AN EXPERT PANEL SHOULD BE CONVENED TO ATTACK THE LONGSTANDING PROBLEM OF INSUFFICIENT MINORITY OWNERSHIP IN BROADCASTING.

While, as discussed above, the Commission can easily take steps now to benefit minority ownership, ION urges the Commission to convene an expert independent, bipartisan panel of interested stakeholders who can thoroughly review the seemingly intractable problem of insufficient minority and diverse ownership in broadcasting. ION notes that despite several decades of broadcast industry attention to the problem of low levels of minority and female broadcast property ownership, few parties have participated in this proceeding to provide their views and experiences. ION therefore agrees with Commissioner Adelstein that some in-depth and expert study is needed.¹⁴

Indeed, as the Consumers Union comments point out, the first step the experts must take is to capture an accurate picture of female and minority broadcast ownership today.¹⁵ Only by knowing the current baseline can progress be judged. Then, going forward, involving outside expert parties in the review and evaluation of solutions to the minority ownership problem will

¹¹ See NAB Comments at 7; *Second Further Notice*, Appendix A, proposal 2.

¹² *Second Further Notice*, Appendix A, proposal 5.

¹³ *Second Further Notice*, Appendix A, proposal 3.

¹⁴ See generally Jonathan S. Adelstein, Remarks at Rainbow Push Coalition and Citizen Education Fund Media & Telecommunications Symposium (Oct. 12, 2007) at http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-277321A1.pdf.

¹⁵ Comments of Consumers Union, Consumer Federation of America, and Free Press (“Consumers Union”), MB Docket No. 04-228, filed Oct. 1, 2007 at 25.

ensure that all viewpoints and ideas are considered. Special attention should be given to procuring participation from representatives of the financial community to ensure that the biggest initial hurdle to female and minority ownership – access to capital – is sufficiently addressed.

ION also agrees with those who believe that now is the time to engage. While some will argue it is optimal from a public policy perspective for the Commission to wait on other broadcast ownership rule changes until an independent panel has time to convene and make recommendations on minority ownership participation, ION recognizes that other policy objectives argue in favor of prompt Commission action on the long-delayed general media ownership proceeding. The Commission should, therefore, move promptly to convene a panel to conduct a thorough review of over 40 regulatory proposals that have been pending at the FCC, and recommend an immediate action agenda.

CONCLUSION

ION applauds the release of the *Second Further Notice* and the attention the Commissioners have given to the problem of insufficient minority ownership in broadcasting. Given the complexity of the issue, ION urges the Commission to appoint an expert independent, bipartisan panel of interested stakeholders who will thoroughly investigate the crisis of minority

