

NOTICE OF GROUNDS FOR PROPOSED TARIFF

Filed with the Copyright Board by SOCAN on 2023-10-23 pursuant to Rule 15 of *Copyright Board Rules of Practice and Procedure*

SOCAN Tariff 1.A – Commercial Radio (2025-2027)

1. Description of Uses Covered by the Proposed Tariff

This tariff applies to the communication to the public by telecommunication of musical works in SOCAN's repertoire in connection with both the over-the-air broadcasting operations and the simulcasting operations of commercial radio stations.

2. Description of Users / Groups of Users Covered by the Proposed Tariff

Users are commercial radio stations. Importantly, it is the nature of the *use*, and not the nature of the user, that determines whether the tariff applies.

3. Explanation of How Royalties are Determined

The proposed tariff sets two royalty rates: one for low-use stations, and another for all other stations.

The proposed royalty rate for low-use stations for 2025-2027 is 1.5% of gross income.

The proposed royalty rate for all other stations is graduated on gross revenue as follows:

- on the first \$1.25M of gross revenue in a year: 3.2%
- on the remainder of gross revenue in a year: 4.4%

The proposed royalty rate is the same as the royalty rate in the previously approved tariff, which was approved by the Board in 2016 for the years 2011-2013.

4. Submissions on the Collection of Information

The proposed tariff requires each station to report, on the first day of each month, on a two-month trailing basis: (1) the station's gross income for the relevant month and, (2) the sequential lists of all musical works, or parts thereof, broadcast during each day of that month (including, where available, music identification information).

This information collected under the proposed tariff is required to calculate royalties and effect distributions.

These reporting requirements are the same as those set out in the previously approved tariff.

5. Explanation of Changes from Previously Approved Tariff

The proposed tariff includes the following changes from the previously approved tariff:

- 1) The proposed tariff's scope of application has been expanded from that of the approved tariff to include online simulcasts of commercial radio signals. Simulcasts were not covered by the previously approved tariff. SOCAN had previously proposed tariffs for online simulcasts of commercial radio signals in proposed Tariffs 22.3 (2007, 2008), 22.C (2009, 2010, 2011, 2012, 2013), and 22.B (2014, 2015, 2016, 2017, 2018). The current proposed tariff for commercial radio includes online simulcasts.
- 2) The application clause of the proposed has been updated to improve clarity and consistency with other SOCAN tariffs and to comply with the Board's *Practice Notice on Filing of Proposed Tariffs* [PN 2019-004 rev. 3] by limiting reliance on ambulatory references to other tariffs.
- 3) The proposed tariff revises the confidentiality provisions to allow sharing of confidential information in connection with the collection of royalties or the enforcement of a tariff, with any person who knows or is presumed to know the information, and to the extent to effect the distribution of royalties. These revisions are intended to harmonize confidentiality provisions across SOCAN tariffs.
- 4) Since this is a proposed tariff for SOCAN only, the proposed tariff removes references in the approved tariff to other collective societies.