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Proposed 2006 Annual Regulatory Fees

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To: Broadcast Clients
From: Peter Gutmann

As it has done each year for the past decade, the FCC has issued a notice seeking public comment on a proposed general increase in the annual regulatory fees to be collected from broadcast licensees. Comments are due April 14 and replies April 21, but, in keeping with past years, it is quite likely that the proposal will be adopted without change.

The Commission proposes no revision in its methodology for calculating the fees nor its administration of the collection program. As before, the Congressionally-mandated total amount is apportioned among general types of licensees, so as to reflect the Commission's estimated costs of regulation, including enforcement, policy development, user information and international activities. The amount within each category is then divided by the number of estimated payers. For broadcast services, an additional adjustment is made – for television by market size and status (VHF or UHF) and for radio by station class and estimated service population. No fees are yet proposed for digital or AM expanded band facilities.

We attach a set of tables that compare the proposed 2006 regulatory fees to those assessed in 2005. Before rounding, the general increase is 3.1%, but is higher for AM construction permits, where the number of payers has declined, and unchanged in most radio categories, where the growth in facilities and rates have kept pace.

Similar to last year, the Commission will post details of payment procedures on its website and will mail a postcard for each facility to the licensee's contact address in the Commission's database. The Commission cautions that the postcard is merely a reminder of the fee believed to be due, and that all fees must be paid in strict accordance with the procedures to be announced, including submission of properly completed Remittance Advices (FCC Forms 159 – not the postcards) bearing each Facility Identification Number. Presumably, the postcards still will not include auxiliary licenses (studio-transmitter links, remote pick-ups and the like), which licensees will need to identify and for each of which a separate \$10 fee will need to be paid. A failure to pay any FCC regulatory fee will subject a licensee to the Commission's "Red Light" procedures which stop action on all pending applications, including license assignments and facilities changes.

Fees are to be paid either by mail or through the Commission's online electronic Fee Filer. To avoid a 25% late penalty, all fees must be **received** by midnight of a deadline to be announced. Fees will be assessed based upon authorizations held on October 1, 2005, but responsibility for payment will rest with the holder of the permit or license as of the due date.

Despite consistency with past years, there is one curious new wrinkle. The legislation setting the amount of this year's regulatory fees contained a further provision directing the Commission to assess and collect an additional \$10 million as "offsetting receipts" to reduce the federal deficit. The Commission seeks comment on whether the amount should be assessed as an addition to regulatory fees, an addition to application fees or through some other means. Preliminary discussion with FCC staff suggests that, in the absence of convincing contrary arguments, they are likely to add an appropriate amount to this year's regulatory fees as the most equitable and efficient way to implement this requirement.

We will keep you advised of further details concerning the payment of 2006 regulatory fees. In the meantime, it seems safe to calculate your fees based upon assumptions, consistent with past years, that the Commission will adopt its proposal (possibly including a "deficit reduction" add-on of about 4%) and that payments will be due in late August or early September.

We look forward to assisting you in the calculation and payment of the 2006 FCC regulatory fees, including preparation of the paper or electronic FCC Forms 159 should you desire our help. Please be sure to let us know if you have any questions at this point.

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PROPOSED RADIO STATION REGULATORY FEES (2006)						
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	625	475	375	450	550	725
25,001 – 75,000	1,225	925	575	700	1,125	1,250
75,001 – 150,000	1,825	1,150	775	1,150	1,550	2,300
150,001 – 500,000	2,750	1,950	1,150	1,375	2,375	3,000
500,001 – 1,200,000	3,950	2,975	1,925	2,300	3,775	4,400
1,200,001 – 3,000,000	6,075	4,575	2,875	3,675	6,150	7,025
>3,000,000	7,275	5,475	3,650	4,600	7,850	9,125

RADIO STATION REGULATORY FEES (2005)						
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	625	475	375	450	550	725
25,001 – 75,000	1,225	925	550	675	1,125	1,250
75,001 – 150,000	1,825	1,150	750	1,125	1,550	2,300
150,001 – 500,000	2,750	1,950	1,125	1,350	2,375	3,000
500,001 – 1,200,000	3,950	2,975	1,875	2,250	3,750	4,400
1,200,001 – 3,000,000	6,075	4,575	2,825	3,600	6,100	7,025
>3,000,000	7,275	5,475	3,575	4,500	7,750	9,125

OTHER REGULATORY FEES

	2005	Proposed 2006
AM Construction Permits	310	375
FM Construction Permits	550	550
TV VHF -- Markets 1-10	61,975	62,675
Markets 11-25	44,675	46,225
Markets 26-50	32,025	33,125
Markets 51-100	18,800	19,450
Remaining Markets	4,625	4,775
Construction Permits	3,175	3,275
TV UHF -- Markets 1-10	20,025	20,750
Markets 11-25	17,525	18,175
Markets 26-50	10,050	10,425
Markets 51-100	6,125	6,350
Remaining Markets	1,725	1,775
Construction Permits	1,725	1,775
Satellite Television Stations (All Markets)	1,075	1,100
Construction Permits	535	555
Low Power TV, TV/FM Translators & Boosters	395	410
Broadcast Auxiliary	10	10
Earth Stations	205	205