



Hearing on the “State of Video”

**United States Senate
Committee on Commerce, Science and Transportation
*Subcommittee on
Communications, Technology, and the Internet***

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**Statement of the Honorable Gordon Smith
President and CEO
National Association of Broadcasters**

Good morning, Chairman Pryor, Ranking Member Wicker and members of the subcommittee. Thank you for inviting me back to my former committee to testify before you today. Though I cherished my time in the U.S. Senate, it is an honor for me to now advocate on behalf of our country's local radio and television stations as the president and CEO of the National Association of Broadcasters.

In my view, the state of broadcast video services is very bright. In fact, recent data show that the number of viewers accessing television over-the-air has dramatically increased in recent years. Today 54 million American's rely solely on over-the-air television. Nearly 18 percent of households are watching television with an antenna.

These new over-the-air viewers include young people, low-income families and minorities. A GfK Media report from last year shows that the effects of the economic downturn, increasing subscriber fees for cable and satellite TV, and the plethora of new broadcast options in the digital age have led consumers to embrace broadcast television.

Some of this resurgence can also be attributed to technological advances in broadcast TV. The television industry is approaching the fourth anniversary of the transition to all-digital distribution. By almost any measure, the transition and broadcasters' embrace of digital technology have been an enormous success. Nearly every major television broadcaster now provides its content to viewers in crystal-clear high definition over-the-air for free. Most stations also offer anywhere from one to up to three additional "multicast channels." These extra channels contain new and diverse program content, much of which is local in nature or specific to niche audiences. These stations provide all of this within the same 6 MHz of spectrum that previously held just

one analog channel. In fact, today there are 660 multicast stations now offering niche, richly diverse and hyper-local programming to viewers. These new, free, digital over-the-air services actually double, and, in some cases, more than triples, the number of channels available.

Indeed, broadcasters' ability to multicast has led to the rise of new national networks, including many that specialize in delivering diverse content to ethnic and niche audiences, such as Bounce TV, Estrella, Live Well and MeTV. I anticipate continued growth as new networks expand their audiences with increasingly diverse and compelling programming. Multicasting also offers the added benefit of lowering barriers to broadcast ownership, offering new opportunities for women and minorities.

With these exciting developments in mind, the continued growth and evolution of our platform relies on access to the valuable commodity of spectrum.

We thank this Committee for the necessary safeguards included for television broadcasters in the legislation granting voluntary incentive auction authority. While this auction will present a challenge, not only to the FCC but also to local broadcasters, we stand ready to roll up our sleeves and help in any way possible to conclude the auction in a successful and timely fashion to the benefit of consumers and the public's safety. To that end, NAB urges the Senate Commerce Committee to be vigilant in its oversight of the broadcast incentive auctions. Incentive auctions themselves are unprecedented, and the television spectrum auction will have a direct impact on millions of viewers, very likely exceeding that of the digital TV transition.

Beyond the auctions, we are focused on the future of broadcasting and how it can, and should, continue to play a vital role in our nation's communications system

moving forward. Beyond continuing to serve viewing audiences and local communities as we always have, the broadcast industry's evolving technology will be a critical complement to wireless broadband. Just as wireless companies are upgrading their technology, from 3G to LTE and beyond, broadcasters will also be upgrading, and the results will have an extraordinary impact on how viewers consume broadcast television.

Broadcasters are innovating and working to find new and different ways to serve our audiences. From offering live over-the-air content to smartphones, tablets and the next generation of devices, our goal is offering the highest quality programming and local content everywhere the viewer is watching.

The television broadcast industry is aware of some calls from pay-TV companies to dismantle the legal framework for video programming distribution. These companies want Congress to change the laws and regulations that have successfully governed the video marketplace. These laws have a single purpose. They are designed to ensure fair competition in a highly competitive media market and maximize the diversity, quality and affordability of television service to the American people. This legal framework works because it serves the needs of television viewers and reflects the actual business relationships between broadcasters and pay-TV providers. The system is not broken, which leads me to question the calls to fix what is successfully working in practice every day. I would argue that changing these laws is not in the public's best interest and will do nothing more than pick winners and losers in what is today a very competitive marketplace.

Ironically, calls for "reform" are in the midst of what I'd consider the "Golden Age" of television. Consumers have been the beneficiary of what is the most competitive

video landscape we have ever seen. There are platforms and programming options available that did not exist just a few years ago. Viewers are able to access content when and where they want. Congress has helped to successfully unleash competition, and in turn, it has created the most robust, vibrant video landscape in history.

For broadcasters, as video distributors and as content creators, that means we must continue to offer free high-quality, over-the-air, locally-oriented service that competes head-to-head with nationally-oriented pay-TV platforms, hundreds of non-broadcast subscription networks, and other numerous programming sources. And we are doing just that. As I said above, as a video distribution platform, reliance on over-the-air antenna reception continues to grow. As content creators, an average of 96 of the top 100 television shows *every week* are consistently on broadcast television.

Lastly and most importantly, broadcasters are committed to providing a valuable public service to every community – big and small – across our great nation. This localism is at the heart of what broadcasters provide each day to their listeners and viewers. Localism is keeping communities informed of the news that matters most to them, such as severe weather and emergency alerts, school closings, high school sports, local elections and public affairs. Localism is supporting local charities, civic organizations and community events. Local broadcasters help create a sense of community.

Locally-based broadcast stations are also the means through which local businesses educate and inform the public about their goods and services, and in turn, create jobs and support local economies. They address the needs of their communities, based on a familiarity with and commitment to the cities and towns where they do

business. Television broadcasters do all of this every day. We reinvest in our communities and are there when our viewers need us most. It is a public good that cannot be replaced. I would ask that you, as policymakers, ensure that changes to laws and regulations do not harm this unique and crucial local television broadcasting system.

Thank you for inviting me here today, and I look forward to answering your questions.