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**Business & Financial Services Committee**

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**HB 1763**

**Brief Description:** Regulating music licensing agencies.

**Sponsors:** Representatives Van De Wege, Lytton, Riccelli and Tharinger.

**Brief Summary of Bill**

- Establishes regulatory requirements for music licensing agencies.

**Hearing Date:** 2/17/15

**Staff:** Linda Merelle (786-7092).

**Background:**

Music licensing agencies, also known as performing rights organizations, license for a fee the music of songwriters and music publishers that they represent. These music licensing agencies may collect royalties on the performance rights whenever the music is played in a public setting. Venues that are subject to the royalties include bars, nightclubs, funeral parlors, grocery stores, sports arenas, skating rinks, and fitness centers, among others.

Three of the most prominent music licensing agencies are the American Society of Composers, Authors and Publishers; Broadcast Music, Incorporated; and the Society of European Stage Authors and Composers. The license fees may range from amounts in the hundreds of dollars per year for smaller businesses into the thousands of dollars, per location per year, for larger operations. The music licensing agencies may file legal action to enforce the copyright claims on behalf of the persons that they represent.

*Consumer Protection Act.*

The Consumer Protection Act (CPA) prohibits unfair methods of competition and unfair or deceptive practices in commerce. The act may be enforced by private legal action, or through a civil action brought by the Office of the Attorney General. A court may award private

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individuals injured by an unfair or deceptive practice actual damages, court costs, and additional damages up to triple the actual damages amount. In addition, a court may enjoin a business from conducting further unfair practices.

### **Summary of Bill:**

#### *Licensing.*

As a prerequisite for operating in Washington, a music licensing agency must:

- annually file with the Office of the Secretary of State a certified copy of each performing rights contract or license agreement made available from the music licensing agency or copyright owner to any user within the state;
- complete a master business application and supplemental information form, as prescribed by the Department of Licensing (Department); and
- pay an annual fee of \$1,500.

A person employed by or working as a contractor or agent for a music licensing agency, before entering the premises of a proprietor's business for purpose of seeking payment or establishing a basis for seeking payment or a contract for payment of royalties for the use of copyrighted works, must first:

- identify himself or herself to the proprietor or the proprietor's employees;
- disclose that he or she is acting on behalf of a music licensing agency; and
- disclose the purpose for being on the premises.

#### *Penalties.*

A music licensing agency is subject to a civil penalty of up to \$1,000 for each separate violation of this chapter. Multiple violations on a single day may be considered separate violations. The penalty may be imposed by the Department or in any court of competent jurisdiction. It may be imposed separately and in addition to any private party claims permitted for violations of this act.

A violation of this act is a violation of the CPA.

#### *Consumer Awareness.*

The Department, in collaboration with the Office of the Attorney General, must conduct a consumer awareness campaign to inform business proprietors of their rights and responsibilities regarding the public performance of copyrighted music.

Any fees or penalties collected pursuant to this act must be used to fund the consumer awareness campaign.

The provisions of this act constitute a new chapter in Title 19 RCW.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.