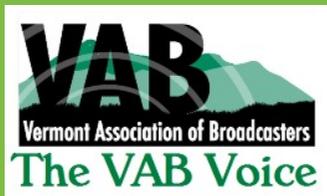


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SLC: KEEP AD DEDUCTIBILITY

Hundreds of broadcasters from around the country are gathered in the nation's capital this week for the NAB's annual State Leadership Conference. One of the big issues this year is the effort to maintain the deductibility of advertising expenses.

The traditional deduction is under threat as budget writers try to find new money. The consequences would be devastating for broadcasters and others who depend on advertising if the law is changed.

The VAB has joined with the 49 other state associations in urging Congress to keep the deduction, and a group of Vermont owners and general managers have sent a [similar message](#) to our Vermont delegation. We thank them for their help!

SENATE LOOKS AT SHIELD LAW

The Vermont Senate is considering legislation to protect reporters from being forced to reveal their sources.

Vermont is one of just a few states without a so-called Shield Law. That may change soon.

Senator Dick Sears, Chairman of the Senate Judiciary Committee, and Senator Jeanette White, Chairman of Senate Government Operations, are the co-sponsors of [S.96](#).

The bill is in Sen. White's committee, and more testimony is scheduled for today, March 1, in Montpelier.

SPECTRUM AUCTION IS A WINDFALL FOR VERMONT PBS

"This is transformational money," Vermont PBS Holly Groschner said February 17 when announcing the public broadcaster will shut down one of its four transmitters, freeing up spectrum that brought in \$56 million in the ongoing FCC auction.



Vermont PBS CEO Holly Groschner

Vermont PBS will shut down WVTA, Channel 41, located on Mt. Ascutney. Groschner said station engineers believe viewers previously served by WVTA will be able to receive their signal from one of their other transmitters.

The FCC's reverse auction was designed to encourage broadcasters to give up spectrum that will most likely be used by wireless telephone companies. "We don't yet know who will in fact acquire the spectrum we've sold or where it will be deployed," Groschner said.

Details of other possible spectrum sales in Vermont are not expected to be released by the FCC until April. In New Hampshire, Binnie Media owner Bill Binnie announced he had agreed to sell spectrum that brought in \$68 million and, in a separate deal, sold three VHF licenses for an additional \$20 million. The deals marked the abrupt end of NH1 News, Binnie's year-old statewide news operation.

REGISTER TODAY FOR THE VAB'S ANNUAL CONVENTION

It's not too early to register for the VAB's 62<sup>nd</sup> Annual Convention, which will be held Wednesday, May 17 at the Capitol Plaza Hotel in Montpelier. Our featured sales trainer this year is [Kennen Williams](#).



Kennen Williams

Williams has been the President of Noll & Associates since 1992. He has a Bachelor of Science Degree in Business Administration with a concentration in Marketing. Kennen travels throughout the U.S. and Canada consulting and training media clients on topics ranging from Key Account Management to Negotiating Skills. He regularly makes calls in the field with clients to better understand the changing nature of media sales.

He's received rave reviews from other state broadcast associations. This will be his first appearance at the VAB Convention.

We also expect to present seminars on regulatory issues, the Emergency Alert System, radio and television ratings, and a programming roundtable. Stay tuned for more details!

The convention will conclude with the 2017 Commercial of the Year Awards luncheon. The deadline for entering is March 24. [Click here for the official rules](#). This prestigious contest is the only such competition in Vermont, and is designed to encourage and reward excellence in copywriting and production for radio and TV. The contest is free to enter for all VAB member stations as well as Vermont advertising agencies who are VAB associate members in good standing.

[Register for the May 17 Convention by clicking here!](#)

# AJIT PAI'S FCC MOVES QUICKLY TO OK NEXT GEN TV



The new chairman of the FCC has wasted little time in moving forward on plans to begin deployment of ATSC 3.0, the “next generation” of broadcast television.

The Commission voted February 23 to adopt a Notice of Proposed Rulemaking to allow broadcasters the option of using the new Ultra High Definition standard, as long as they also continue to broadcast in the current ATSC 1.0 standard. Cable and satellite providers would not be required to carry the upgraded signals, at least not yet. At least one test is scheduled to begin this year, in the Cleveland market.

One major issue is that consumers will have to buy new “Next Gen” TV sets to enjoy the greater video and audio quality. The new standard will also allow for development of mobile TV reception and more digital channel splitting.

The adoption of “Next Gen” will likely be helped by South Korea, where broadcasters plan to produce coverage of the 2018 Winter Olympics in Ultra High Def. The top two television set manufacturers, Samsung and LG, are based in South Korea.

NAB Vice President Dennis Wharton welcomed the FCC’s action. “NAB commends the FCC and Chairman Pai for taking the first step towards approving the voluntary adoption of Next Gen TV. This innovative broadcast transmission standard offers free and local TV viewers the promise of higher-quality pictures and sound, mobile viewership, datacasting and lifesaving interactive emergency information. With support from television manufacturers, public TV stations and the public safety community, NAB looks forward to Next Gen TV’s giant leap into broadcasting’s bright future,” he said.



## IT’S A FIRST: 100% FOREIGN OWNERSHIP OF U.S. STATIONS

By David Oxenford, [Wilkinson, Barker, Knauer LLP](#)

On February 23 the FCC released its first decision approving 100% foreign ownership of a group of US broadcast stations. This comes after significant relaxation of the FCC’s interpretation of the foreign ownership limits which, less than 4 years ago, had been interpreted to effectively prohibit foreign ownership of more than 25% of a company controlling broadcast licensees.

In the decision, the FCC approved the application of an LLC controlled 100% by a husband and wife, both Australian citizens, to acquire complete control over several companies that are the licensees of 7 AM’s, 8 FM’s, 13 FM translators, and 1 TV translator in Alaska and Texarkana, Arkansas and Texas.

The FCC’s approval requires that these individuals get FCC approval if any other foreign owners are added to their company, but otherwise imposes no other significant conditions on this acquisition. Given the simple 50/50 ownership of a husband and wife in a closely held company, the ownership reporting and analysis conditions imposed on public companies who have been allowed to exceed the 25% threshold in the past (see our article [here](#) and [here](#)) were not required in this case.

These approvals come on top of several other acquisitions by foreign investors of non-controlling interests in broadcast licensees. As long as these owners are approved by various US government agencies as not presenting security risks, the approvals don’t seem to be an FCC issue. The FCC noted that allowing this kind of foreign ownership brings new sources of capital into the US broadcasting industry, and may encourage other countries to relax their ownership rules to allow investment by US companies in broadcast companies serving other countries. What a difference a few years can make!