

Music *and* Money

*How Songwriters,
Composers and
Music Publishers
Make Money*

By Todd Brabec and Jeff Brabec

This information has been provided as a service by



ASCAP

American Society of Composers, Authors and Publishers

Updated May 2008

TABLE OF CONTENTS

Income Chart	2
Music and Money	3
Copyright Protection	4
Performing Right Payments	5
Download, CD and Record Sales	7
Controlled Composition Clauses	8
Television	10
Motion Pictures	11
Home Video	13
Advertising Commercials	13
Broadway Musicals	14
Internet	15
Other Income Sources	16
Recording Artist Royalties	16
Foreign Country Royalties	18



Songwriter/Music Publisher Income Chart

U.S. singles sales (100,000 copies)	\$ 9,100
U.S. album sales (500,000 copies)	45,500
U.S. downloads (200,000)	18,200
U.S. radio and TV performances	700,000
Foreign single/Album sales	110,000
Foreign radio and TV performances	600,000
Sheet music and folios	25,000
Advertising commercial	175,000
Song in a television series	15,000
Song in a motion picture	40,000
Foreign theatrical performances	4,000
Broadway show use	110,000
Dolls and toys	20,000
Video Games	10,000
Ringtones	65,000
Miscellaneous royalties	75,000

About the authors: Todd Brabec, Executive Vice President and Director of Membership for ASCAP, and Jeff Brabec, Vice President Business Affairs for the Chrysalis Music Group, are graduates of NYU School of Law, Deems Taylor Award-winning writers for excellence in music journalism, adjunct professors at the USC Thornton School of Music/Music Industry Department and authors of the book, *MUSIC, MONEY AND SUCCESS: THE INSIDER'S GUIDE TO MAKING MONEY IN THE MUSIC BUSINESS* (Schirmer Trade Books/Music Sales) from which much of the information contained in this article is taken.

MUSIC *and* MONEY

The songwriter/publisher income chart on the opposite page shows some of the many ways a songwriter, recording artist or publisher can generate income.

A songwriter makes money when songs are downloaded or when a CD or cassette containing one of his or her songs is sold, when the songs are played on the radio, or performed in a TV show or concert hall, or broadcast in a foreign country. Royalties can also be generated from the sale of sheet music, a ringtone or from the use of a song in a commercial, a motion picture, Broadway musical, subscription service or video game.

Since each source of income has its own distinct payment structure, figuring out exactly how a songwriter, artist or music publisher makes money and where that money comes from can be a major challenge.

But it's not that difficult! The money that can be made is yours if you know the business, have the talent, have good representation, are willing to work, and have the requisite amount of luck necessary for success in any endeavor in life. 🎵

COPYRIGHT: PROTECTING YOUR SONGS **(Life +70 or 95 Years)**

Copyright means the protection given by the laws of the U.S., as well as many other countries of the world, to the original works that a writer creates. The works can be songs, or underscore to films and television programs, or symphonic or electronic pieces, or advertising jingles or any other original creation of music, lyrics or both.

The Copyright Law gives to the copyright owner (the writer, publisher, etc.) of a work, a number of exclusive rights which are good for a specific number of years. The law also puts certain limits on those rights. The exclusive rights include the right to produce a work in copies and records; the right to prepare derivative works; the right to distribute copies of the work; the right to perform the work; the right to display the work; and most recently, a limited performance right in sound recordings digitally transmitted.

In late 1998, Congress passed the Sonny Bono Copyright Term Extension Act which changed the 1976 Copyright Act by significantly increasing the length of time a song remains under copyright protection. Different rules though apply for songs written prior to January 1, 1978 and those written on or after that date.

For compositions written on or after January 1, 1978, the basic term of protection is the life of the writer plus 70 years. For example, if two 20 year old writers wrote a song in 2005, and one lives to be 50 and the other lives to be 100, the copyright protection for that song would last for 150 years from its creation. In this case, the protection would last from the time the song was written through the life of the last living writer (i.e. 100 years minus 20 = 80 years) plus an additional 70 years.

For compositions written prior to January 1, 1978, and which were still under copyright protection as of the time the Term Extension Act was passed, an additional 20 years of protection was added to the old law's terms. As the total number of years of protection for most pre-1978 songs under the 1976 law was 75 years (28 original years + 28 renewal years and a 19 year extension), the term of protection for these works has been extended to a total of 95 years from the original date of copyright.

As to "works made for hire" written on or after 1/1/78 (many compositions written for film and television fall into this category), the new law's term of copyright protection is 120 years from creation or 95 years from first publication, whichever expires first.

Copyright Office forms and information circulars are available from:

Register of Copyrights
Copyright Office
Library of Congress
Washington, D.C 20559-6000
(202) 707-6787
www.loc.gov/copyright

**Fees for
Copyright
Registration:**

**Basic: \$45
Online: \$35**

The above copyright discussion is meant to provide only an overview of some of the basics of Copyright, as there are many variables and considerations in any situation. The copyright laws, both in the U.S. as well as in other countries, are very complex and attorneys well versed in copyright should always be consulted on individual problems or inquiries.

PERFORMING RIGHT PAYMENTS

One of the greatest sources of long- and short-term income for songwriters and publishers is the royalty money received from performing rights societies around the world. Of the \$5-billion generated worldwide each year, the three U.S. organizations account for close to \$2 billion in collections. The two largest U.S. performing right organizations are the writer- and publisher-owned American Society of Composers, Authors and Publishers (ASCAP) and the broadcaster-owned Broadcast Music Inc. (BMI).

These organizations negotiate license-fee agreements with the users of music (radio and TV stations, cable stations, concert halls, wired music services, airlines, websites, etc.), which give the user the right to perform the music and lyrics of any member of these organizations. The fees then collected are distributed to the writers and music publishers whose works are performed in the licensed areas.

This performing right is one of the most important rights granted by a country's copyright laws. It is based on the concept that a writer's creation is a property right and that a license must be acquired by any user of music in order for that user to perform a copyrighted musical work.

In the U.S., the primary types of music use which generate performance royalties are feature performances (a visual vocal or visual instrumental on TV, a radio performance of a song, etc.), underscore on television series, specials, movies of the week and feature films, theme songs to TV series, TV logos and promos, advertising jingles, live concerts and copyrighted arrangements of public-domain compositions, among others.

The value of each type of music use varies depending on which performing-right organization the writer and publisher belong to as all three organizations have different payment rules, contracts and philosophies.

Complicating matters further is the fact that two of the three organizations (ASCAP being the exception) change their payment rules without notice to their writers and publishers. Also, two of the three U.S. organizations (ASCAP again being the exception), do not give writers and publishers a voice in their organization, nor do they allow writers and publishers to be on their Board of Directors or vote for their Board of Directors.

Considering these numerous variables and nuances, as well as many others, it should be obvious that knowledge of the U.S. rules is essential for any creator, representative, or publisher.

In joining a U.S. performing right organization (PRO), you must make sure that your U.S. organization has agreements and good working relationships with and knowledge of all the PROs in all other countries, as that is how foreign performances of a U.S. writer's works are identified, collected and distributed.

The foreign society (i.e. PRS in England, SOCAN in Canada, APRA in Australia, GEMA in Germany, JASRAC in Japan, SGAE in Spain, SACEM in France) will collect for U.S. writers' works performed in their country and forward it to the writer's U.S. PRO. If

a publisher does not have a foreign sub-publisher collecting their share in each country, foreign PROs will forward the royalties to the publisher's U.S. performing right organization.

The U.S. PROs similarly collect performance monies for foreign society writers and publishers whose works are performed in the U.S. The monies collected are sent to the foreign society (PRO) that the writer or publisher is a member of. For example, if a United Kingdom writer who is a member of PRS has performances of his or her songs on U.S. radio or television, the royalties will be collected by the U.S. PRO (e.g., ASCAP) and sent to PRS in England which will then pay the writer.

The financial importance of the performing rights area cannot be overemphasized – the fact is, a fortune can be made from a single composition. For example, in just a few years, the #1 song of the year can generate a \$2 million writer and publisher payout; a successful TV-series theme song can generate numbers in excess of \$1.5 million over a 10-year period; and the score of a top box-office film can generate well over \$2 million in performance income during its copyright life. Although most writers never achieve this level of success, it's helpful to know what's possible at the top end.

DOWNLOAD, CD AND RECORD SALES

Among the major sources of income for the songwriter and music publisher are the mechanical royalties due from the sale of downloads, CDs and records containing musical compositions. Under the current U.S. mechanical rate (known as the statutory rate) of 9.1¢ per song (or 1.75¢ per minute) which is in effect for 2007, a 100,000 unit sale single would be worth a total of \$9,100 in combined royalties to the publisher and writer. If 10 songs were included on a CD and each received an 9.1¢ royalty, a total of 91¢ in mechanical royalties would be generated from the sale of each album. A new rate will be set for 2008 and subsequent years by the Copyright Royalty Board.

Mechanical royalties are paid by the record company to the music publisher or its representative (the Harry Fox Agency), who then shares them with the writer.

This performing right is one of the most important rights granted by a country's copyright laws.

CONTROLLED COMPOSITION CLAUSES

It should be mentioned that the per-song statutory mechanical royalty can be reduced under certain circumstances (for example, if the writer is the recording artist or record producer or if the recording is sold as a midline, record-club, TV-only, special-products compilation, or budget album), in which case the royalty figures may be less than those mentioned above. However, such reduced rates are voluntary, and occur only if the publisher agrees, or if the songwriter is a recording artist or record producer and has to accept such lower royalties in the record company contract.

Many agreements – the majority, in fact – contain language which provides that if the recording artist or producer has written or co-written a song, has ownership or control of a song, or has any interest in any composition on the album or single, the mechanical royalty rate payable by the record company for that composition is reduced. Such compositions are referred to as controlled compositions.

Most recording artist and producer contracts attempt to establish a 75% rate (specifically, 6.82¢, which is three-quarters of the 9.1¢ full statutory rate) for all controlled compositions. The figures are computed at the mechanical rate in effect at either (a) the time the recording is produced, (b) the date of the recording contract with the artist, (c) the date that a particular album commenced recording (or should have commenced recording per the contract), or (d) the date the recording is originally released (regardless of whether the same recording is released again at a later date in another album).

In other cases, the record company will establish a maximum aggregate mechanical penny royalty limit for an album (for example, 10 songs x 6.82¢ = 68.2¢ per album) – in a sense, a cap on royalties.

Under these clauses, the artist or producer guarantees that he/she will secure reduced mechanical rates on all songs on the album so that the maximum penny rate per album (e.g., 68.2¢) payable by the record company to music publishers and songwriters for all songs is not exceeded. If this maximum aggregate album-royalty rate is surpassed – for example, if the writer/artist wants to put 12 or 14 songs, rather than 10, on the album – the difference is normally deducted from the artist's or producer's record, songwriter,

and publishing royalties, or, the per-song royalty rates for the writer/artist or writer/producer will be reduced proportionately.

Now, let's take a look at how this arithmetic affects a specific situation: Let's say that the writer/performer has a 10-song x 6.82¢ maximum royalty rate on his/her album (in other words, 68.2¢ total) and, instead of writing all 10 songs, writes only eight and records two songs from outside writers who demand the 9.1¢ statutory 2007 rate per song. In this case, the mechanical royalties would look like this:

68.2¢	album-royalty maximum payable by record company
- 18.2¢	two outside songs at 9.1¢ each
<hr/>	
50.0¢	
÷ 8	the number of artist-written songs
<hr/>	
6.25¢	per-song royalty to artist/writer and publisher

As you can see, the writer/artist's mechanical royalty has been reduced to 6.25¢ per song from 6.82¢ per song due to the inclusion of two outside-written songs on the album.

By the same token, as the writer/artist records more outside-written songs, the artist's per-song royalties for his/her own works will be further reduced. Sometimes, in fact, when a writer/artist has recorded a substantial number of songs by other writers, he/she has been put in a position of receiving no royalties for his/her own songs, since the aggregate album-royalty maximum has been paid out to outside songwriters and publishers.

But it can get even worse. There have actually been instances in which the writer/artist's mechanical royalties have been in the minus column for every album sold because of the operation of these controlled-composition clauses.

Additionally, the era of multiple remixes has given rise to a clause which provides that the writer/artist will only receive a mechanical royalty for one use of his/her song regardless of the number of versions contained on the single or album.

TELEVISION

When a producer wants to use an existing song in a weekly TV series, special, mini-series or made-for-TV movie, permission must, with few exceptions, be secured from the song's music publisher.

In this regard, the producer of the show will decide on how the song is to be used (for example, background vocal or instrumental, sung by a character on camera, over the opening or closing credits) and the medium over which the program will be broadcast (free TV, basic or premium cable, mobile phones, pay-per-view).

The producer or its music-clearance representative will then contact the publisher of the composition, describe how the song will be used, ask for a specified period of time to use the song in the program (usually from three years to life of copyright), define the territory in which the program may be broadcast (usually the world, but sometimes limited to only specified countries), negotiate a fee, and then sign what is known as a synchronization license.

A separate license, known as a Master Use license, also needs to be negotiated with the owner of the sound recording (usually the record company) if the original recording of the song is also being used.

Since home video, downloads and DVDs are an important ancillary market for TV programming, negotiations (often on an option basis) will take place for home use as well, with a separate fee being paid when the option to go to home video is exercised.

Considering that some television programs (normally miniseries and made-for-TV movies) are also released in movie theaters in countries outside the U.S. (more on that later), the producer may also request such rights and negotiate additional fees for such non-television uses.

And since many TV shows are eventually broadcast over media other than that on which they were initially aired (for example, a pay-TV program broadcast on free over-the-air stations or on the Internet), a producer may also request prices for a wide range of additional options.

Synchronization fees for major series are negotiated and typically range from \$1,800 to more than \$3,000 for a five-year worldwide free television license for the use of one song in a series episode, from \$6,000 to more than \$12,000 for life-of-copyright

licenses and "all television" licenses, and from \$15,000 to over \$25,000 for all media excluding theatrical licenses.

MOTION PICTURES

When a movie producer wants to use an existing song in a theatrically released film, the producer must negotiate with the music publisher for the use of the composition.

Once an agreement is reached, the producer will sign a synchronization license which will give it the right to, among other things, distribute the film to movie theaters, sell it to television, and use the song in "in context" TV promos and theatrical previews.

The amount of the motion picture synch fee depends upon a number of factors: how the song is used (sung by a character in the film, background instrumental), the overall film budget, the music budget, the stature of the song being used (old standard, current hit, new composition), the actual timing of the song as used

A synchronization license is obtained from a song's publisher

A master use license is obtained for the sound recording

in the film (45 seconds, one minute, two minutes), whether there are multiple uses of the song in various scenes, whether the use is over the opening or closing credits, whether there is a lyric change, the term of the license (normally life-of-copyright), the territory of the license (usually the world or the universe), and whether there is a guarantee that the song will be used on a soundtrack album or released as a single. So there are lots of variables.

A separate license, known as a Master Use License, also needs to be negotiated with the record company if the original recording of the song is also being used in the motion picture.

The synch fees for major films (which include home-video rights) charged by music publishers are usually between \$15,000 and \$75,000, with the majority between \$20,000 and \$55,000. Additional fees are many times paid if the use is thematic, if there are multiple uses, if the use is over the opening or closing credits, or if a

composition is used out-of-context in trailers.

On occasion, a music publisher will reduce the synchronization fee for a song if the producer guarantees that there is a soundtrack-album commitment from a major label and that the song being licensed for the film will be on the album. Considering the phenomenal success of some movie soundtracks – and the royalties that are generated from all sources – such a reduction in the synch fee may substantially benefit the publisher and songwriter in the long run, but each situation must be decided on its own merits.

In many countries outside the United States, motion picture theaters are required to pay performance royalties for music used in theatrically-distributed films. These fees are collected by the local performing rights society in each country (PRS in England, GEMA in Germany, JASRAC in Japan, SACEM in France, SOCAN in Canada, APRA in Australia and New Zealand, BUMA in the Netherlands, etc.) which in turn distribute royalties to the writers and publishers of music contained in the films that are distributed in their territories.

In many countries outside the United States, motion picture theaters are required to pay performance royalties for music used in theatrically-distributed films.

The foreign societies will remit the writer's share of such monies directly to the performing rights society that a writer is a member of (i.e. ASCAP in the

U.S.), which will then pay these theatrical performance royalties as a foreign distribution. In simple language, what this means is that if you managed to get a song in a movie that is released outside the U.S., you'll get checks from your performing rights society that they in turn have received from the foreign performing rights organizations that collected the money for you in the first place. In contrast to the handling of writer royalties, the music publisher normally allows its representative in each foreign territory to directly collect its publisher royalty share in the local country.

Theater license fees vary by country and are usually a percentage of the box office receipts. Because of the worldwide appeal of many motion pictures – *Pirates of the Caribbean*, *The Lord of the Rings* and *Harry Potter*, to cite a couple of obvious examples – it is

not unusual for successful films to generate hundreds of thousands of dollars in theatrical performance royalties.

HOME VIDEO

The Home Video market (rentals, sales, etc.) has become one of the biggest profit centers for the motion picture industry.

Home-video licensing is normally handled in one of three ways: (1) In the per-video royalty approach, the royalty paid is based on a set rate (usually from 10¢ to 15¢ per song) for each video sold. For example, if 100,000 DVDs or cassettes are sold, and a particular song has a 10¢ royalty, the payment will be \$10,000. (2) Most video distributors demand that publishers accept a one-time buy-out fee for all video rights, regardless of how many videos might be sold (a fact of life in today's movie and TV-series episode market which must be faced and negotiated accordingly). (3) Under the roll-over advance formula, the producer or video distributor pays a certain advance for a specified number of videos, with additional pre-determined sums paid as certain sales plateaus are achieved (for example, \$10,000 for the first 100,000 units and an additional \$10,000 for each additional 100,000 units sold).

ADVERTISING COMMERCIALS

An extremely valuable source of income for the songwriter and music publisher is the use of songs in radio and television commercials for consumer products.

Microsoft paid a substantial amount to use the Rolling Stones' "Start Me Up" in its Windows 95 campaign. Cadillac did the same to use Led Zeppelin's "Rock and Roll," and "When You Wish Upon A Star" (from the 1940 Disney animated feature *Pinocchio*) has been the musical hook of TV spots for Disneyland and Disney World for years.

The fees paid by advertising agencies and their clients for commercials can be substantial (from \$125,000 to more than \$1,000,000 per year for successful songs), depending on whether, among other things (a) the commercial is for radio, TV or the Internet, (b) it is

targeted for a national or limited-territory campaign, (c) there are options for other countries, (d) the original lyrics are being changed or new lyrics added, or (e) the ad agency requests the song for all-advertising exclusivity or product-category-only exclusivity.

On occasion, an agency will ask for a non-broadcast test period during which it will test the commercial in shopping malls, inter-agency screenings, etc., to determine whether the pairing of the song and the product is effective. Fees for this off-air testing range from \$3,000 to over \$20,000, and the term normally ranges from a few weeks to four months.

In other instances, the ad agency will request a limited-broadcast test period during which a commercial will actually be aired for a specified regional market – for example, on television in New York or California for two months only, or a three-month test in cities that contain not more than 10% of the total U.S. population. Fees for regional-broadcast test periods normally range from \$5,000 to over \$30,000 depending on, among other things, the duration of the test period, the population of the region, the importance of the song, the product being advertised and whether there has been a lyric change.

Certain major advertisers may request total exclusivity (a restriction for licensing to all products, as opposed to just similar or competing products) from a publisher, but the fees for this type of grant are substantial for a recent hit song or well-known standard (from \$150,000 to more than \$1,000,000), since the song is effectively being taken out of the marketplace.

However, most commercial licensing agreements provide for restrictions on licensing only competing or similar products. For example, a beer commercial may restrict the writer or publisher from licensing the same song for another alcoholic beverage commercial, but will allow licensing for use in advertising campaigns for food products, electronics, or automobiles.

BROADWAY MUSICALS

One of the most lucrative markets for a song can be its use in a Broadway show, since if the play is a hit, the income from live theatrical performances, soundtrack albums, singles, film rights, tour-

ing productions, home video, sheet music, and stock and amateur production rights can mean hundreds of thousands of dollars to the songwriter and publisher. Hits like “Mamma Mia!,” “Jersey Boys,” “Wicked,” “A Chorus Line,” “West Side Story,” and “Phantom of the Opera” have generated huge revenues over the years.

On the other hand, considering that the vast majority of musicals presented on Broadway lose most if not all of the money invested, and that getting a song into a Broadway production is extremely difficult, this is an area with which most writers and publishers – unless they are involved with songs actually created for the play – will have little or no contact. However, with more and more movies and other hit projects being turned into Broadway musicals, the field has opened up to non-theatrical writers.

Combined music and lyric royalties for the Broadway run and first-class national touring productions usually range between a 3% pre-recoupment of costs royalty and a 4% post-recoupment pro-rated share of the box-office receipts if a percentage royalty is negotiated (which can mean from \$200,000 to more than \$10 million per year for all songs in a hit show), or a fixed dollar amount per week (from \$250 to \$1,000, regardless of the success of the musical) if a non-percentage royalty is agreed to.

Another formula being used on Broadway is the royalty pool arrangement where all royalty participants (for example, music and lyric writers, director, choreographer, etc.) share in a certain percentage of the weekly operating profits (gross box office minus operating costs) of the musical.

With more and more movies and other hit projects being turned into Broadway musicals, the field has opened up to non-theatrical writers.

THE INTERNET

Internet service providers, websites, search engines, digital rights management, broadband, encryption, subscription and non-

subscription services, compression, fingerprinting and watermarking, downloading and streaming, podcasting – these are but some of the many words and concepts that creators and publishers must understand if they are to enjoy the many benefits and opportunities available in the area of digital distribution of music.

Regardless, though, of the terminology and the constant innovations in this field, many of the established concepts of royalties and copyright that we have discussed in other areas also apply to this area.

Whether audio or audio-visual works are downloaded, streamed or otherwise distributed, transmitted, or communicated, the concepts of performance rights, mechanical, statutory, compulsory, synchronization, territorial and durational licenses, etc., all continue to play a role in the royalty process regarding transmissions of copyrighted music over the Internet.

The Copyright law, statutory licenses, compulsory arbitrations, voluntary negotiations, the Copyright Royalty Board and court decisions will continue to be instrumental in determining what type of license is needed as well as how much that license will be.

OTHER INCOME SOURCES

In addition to the sources of income already covered, there are many other royalty-generating areas, many of which can – depending on the composition – generate substantial writer and publisher royalties. These include sheet music and folio sales, lyric reprints in books, CD-ROM/Multimedia audiovisual configurations, karaoke, musical greeting cards, singing fish, music boxes, video games, singing dolls, commemorative plates, ringtones, sampling, jukeboxes, podcasting and musical fountains, among many others.

RECORDING ARTIST ROYALTIES

This overview is mainly concerned with some of the major sources of songwriter/publisher earnings, but since many songwriters are also recording artists, a brief mention should be made of the

contractual factors that affect income in the recording arena. One should bear in mind though that recordings contracts represent an extremely complex area, and care should be taken in reading all contract provisions. Under the traditional recording agreement, recording artist royalties usually range from 10% to 25% of the suggested retail price for top-line albums (although many record companies have begun to compute royalties on the wholesale price). However, there are many deductions made for items such as packaging costs; free goods; responsibility for the payment of producer royalties; reserve accounts; return privileges; midline, budget-line, record-club, and foreign royalty reductions; 90% sale provisions; new-technology rate reductions; new or developing artist reduced royalties; cut-out and surplus-copy provisions; video, tour support, and promotion expenses; recording costs; advances for not only the current album, but past albums as well; ownership of websites; and merchandising rights. In addition, if the artist is a songwriter, there are provisions in the recording agreement (known as the “controlled composition clauses”) which reduce and limit, among other things, mechanical royalties.

Some of the changes being discussed, and in some cases implemented, in newer recording agreements include one royalty rate for all territories (rather than reduced percentages for foreign country sales) and for all formats (CDs, tape, vinyl, etc.); the elimination of the “New Media Royalty deduction” for downloads and Internet sales; elimination of packaging/container deductions for downloads; the higher album royalty rate to be applied to downloads of individual tracks, rather than the lower physical product single royalty rate; and the sharing of some types of income on a 50/50 net basis.

In addition, new forms of recording arrangements are emerging in the marketplace reflecting the changing record industry landscape. These include so-called “360” deals where, for a consid-

New forms of recording arrangements are emerging in the marketplace reflecting the changing record industry landscape.

eration, a record company or other entity shares in some or all of an artist's non-recording income (e.g. live concerts, merchandise, etc.), deals by new types of non-traditional recording entities (e.g. Starbucks, MySpace, video game companies, etc.) and new distribution models.

FOREIGN COUNTRY ROYALTIES

Another major source of income for many U.S. writers and publishers are the performance, mechanical, synchronization, video and artist royalties generated in foreign countries. In the area of successful songs, television themes and film or TV underscore, often more than 50% of a writer's and publisher's income is generated by uses in countries outside of the U.S. Performances (radio, television, Internet, movie theaters, live, etc.) are handled by foreign performing rights societies through reciprocal agreements, with the monies collected for U.S. works forwarded to the U.S. performing right organizations for distribution.

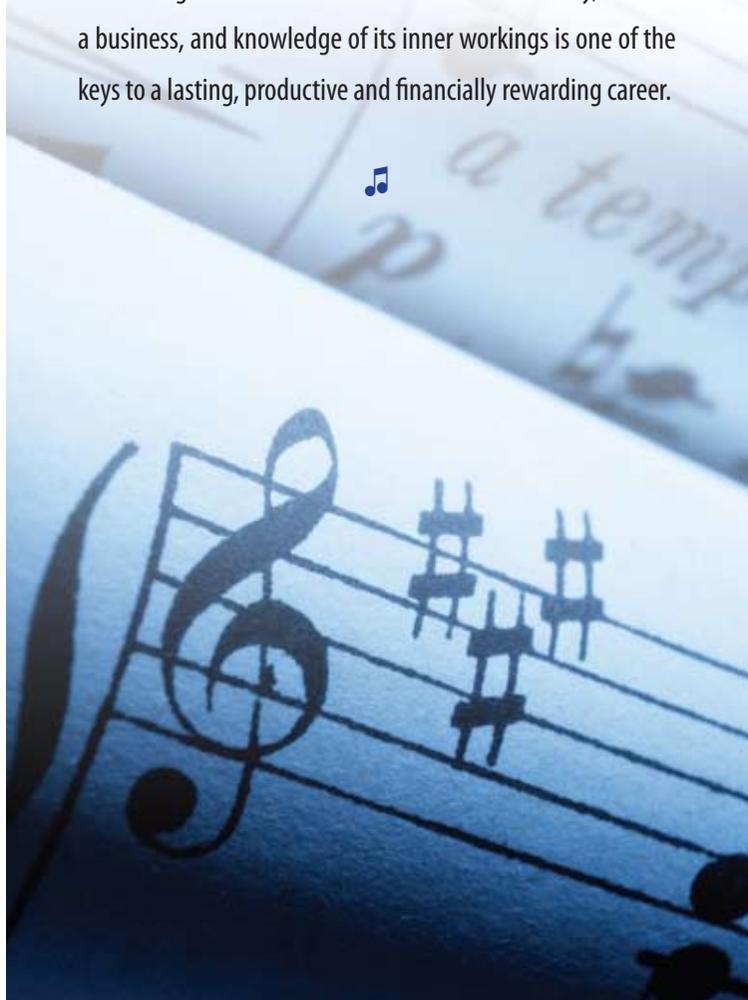
Mechanical royalties – as opposed to the U.S. statutory rate – are computed on a percentage of the dealer price or the suggested retail list price of the audio recording. These royalties are usually collected by the mechanical right society in each country and then paid to the music publisher who, in turn, pays the songwriter.

In these as well as other royalty-generating areas, foreign laws and practices are different than those in the U.S. and, therefore, effective and knowledgeable representation (whether by your performing rights society, publisher or other representative) is a necessity for proper collection in this area.

FINALLY...

The world of songwriting and music publishing may be complex, but it is far from mysterious. Just as every other business has its particular rules, special ways of doing business, idiosyncrasies and unique revenue-producing areas, so too does songwriting and publishing.

This business, which started with pennies, piano rolls and sheet music, has been transformed by the communications technology into a multi-billion-dollar worldwide industry and one of the centerpieces of entertainment programming. But even though the music business is based on creativity, it is still a business, and knowledge of its inner workings is one of the keys to a lasting, productive and financially rewarding career.



MUSIC *and* MONEY

How Songwriters, Composers and Music Publishers Make Money

Copyright © 1999, 2000, 2002, 2003, 2004, 2006, 2008

by Todd Brabec, Jeffrey Brabec.

All Rights Reserved.

Information from this article was obtained from the book *MUSIC, MONEY AND SUCCESS: THE INSIDER'S GUIDE TO MAKING MONEY IN THE MUSIC BUSINESS*, written by Todd Brabec and Jeff Brabec (Schirmer Trade Books/Music Sales) and the website: www.musicandmoney.com.

Note: The figures and comments contained in this article are based upon the authors' experience over the years with many specific situations. Ranges of fees, as well as comments, do vary based upon individual negotiations and situations.

This information has been provided as a service by



American Society of Composers, Authors and Publishers

ASCAP Offices

Atlanta

950 Joseph E. Lowery Blvd., Suite 23
Atlanta, GA 30318
404.685.8699
404.685.8701 fax

Chicago

1608 N. Milwaukee Ave., Suite 1007
Chicago, IL 60647
773.394.4286
773.394.5639 fax

London

8 Cork Street
London W1S 3LJ
England
011 44 207 439-0909
011 44 207 434-0073 fax

Los Angeles

7920 W. Sunset Blvd., Third Floor
Los Angeles, CA 90046
323.883.1000
323.883.1049 fax

Miami

420 Lincoln Road, Suite 385
Miami Beach, FL 33139
305.673.3446
305.673.2446 fax

Nashville

Two Music Square West
Nashville, TN 37203
615.742.5000
615.742.5020 fax

New York

One Lincoln Plaza
New York, NY 10023
212.621.6000 administrative
212.621.6240 membership
212.794.9064 fax

Puerto Rico

Ave. Martinez Nadal
c/o Hill Side 623
San Juan, PR 00920
787.707.0782
787.707.0783 fax

www.ascap.com