

LEGACY

The Collapse of the Record Industry & Artist Licensing

HERE'S THE BRUTAL TRUTH:

- There are no record store chains left in America.
- New cars and computers are no longer made with CD players.
- The few record labels left rarely sign an artist without a huge financial investment in place already and 360 deals make the future security of most artists shaky at best.
- Sales of LPs and CDs happen only at gigs, and even then a new generation of fans have no interest in anything but downloads.
- Streaming has cut the income of most writers to virtually nothing.

Musicians and songwriters are, for lack of a better word, struggling.

Settled in the foothills of Appalachia, living in a log cabin on a hill surrounded by woods and farms, a folksinger has come up with a solution that has convinced many professionals taking notice. And, as a songwriter would, Michael Johnathon captured it all on his latest single, an epic 9-minute song called "Legacy," described by radio DJs as the "American Pie of the 21st Century."

What makes a folksinger qualified to offer an industry rattling proposal that will fix life for performers and writers?

Among the throngs of artists in the music world, few have elevated "dreaming" to such a high art form. Folksinger Michael Johnathon knows what he's talking about. He is a touring songwriter, author of five published books, playwright of the "Walden Play" performed over 9,400 times in 42 countries. He composed the opera, *Woody: For the People*, and organized the national association of front porch musicians called "SongFarmers" with hundreds of members and 73 active chapters from Hawaii to Vermont. He organized and performed the "Songs of Rural America" symphony concert for public TV and public radio. He is also the creator and host of the live audience broadcast of the *WoodSongs Old Time Radio Hour* with a radio audience with over two million listeners each week on over 500 public radio stations, public television coast-to-coast, American Forces Radio Network in 173 nations and now on the RFD-TV Network nationwide ... including the legendary WSM AM the home of the Grand Ole Opry.

THE PROPOSAL - Eliminate Venue Licensing and convert to Artist Licensing

Michael Johnathon feels the **business model of the music industry should be updated** to reflect the honest situation of artists today. BMI, ASCAP and SESAC (referred to as the "PROS or Professional Rights Organization) collect money on behalf of artists and then distribute it. Overall, they do a great job.

"The market changed, but the business model did not," says Johnathon. *"What worked great in the 1940's is crushing musicians in 2020. Hanging on to the current model of venue licensing is the same as the phone industry clinging to the rotary phone. It doesn't work, plus the PROs have no idea what songs are being performed and the songwriters are not getting paid. We love the PRO's, but as music entered the digital age, all the business models adjusted EXCEPT venue licensing."*

Basically the PROs collect from three sources:

- **MECHANICAL** from the sales of hard product like CDs and LPs.
- **PUBLISHING** from airplay and streaming
- **VENUE LICENSING** from live performance.

How To Save The Music Business - Revisited



They must change their business model because Artists are no longer free to be Artists.

"If art is to nourish the roots of our culture, society must set the artist FREE."
John F. Kennedy

THE BIG ISSUE is with VENUE Licensing.

“Unless an artist can perform in front of an audience, they can not sell their CDs and T-Shirts,” he explains. “In a world of no record stores or effective media, the audience is the only life blood left for musicians. The PROs, unintentionally, are standing in the way.”

And he might be right. *Rolling Stone, USA Today, the Wall Street Journal, Business Insider* and many other industry sources have reported on the decline of the recording industry and the struggle of music venues.

“The law requires venues to pay a licensing fee to the PROs to present live music. That means a club has to pay hundreds of dollars a year to BMI. Then ASCAP comes along. Then SESAC comes calling,” he explains. “By then the venue says this is too much, forget it. And the venue goes music-dark.”

Hometown newspapers across the country carry stories of venues eliminating live music or even shutting down because presenting live music is cost prohibitive.

HOW TO HELP MUSICIANS AND VENUES - Eliminate Venue Licensing

Johnathon's proposal, putting it simply, is to completely eliminate Venue Licensing and convert to Artist Licensing.

“Changing from VENUE licensing to ARTIST licensing solves the problem. With an artist license, anyone can play anywhere they want. It's like a drivers license ... clubs, schools, farmers markets, coffee houses, festivals and theaters ... show your license and you can perform, and the songwriters are GUARANTEED to be paid for what is performed.”

Instead of leaning on the venues, a simple artist license from a website exchange run by BMI, ASCAP and SESAC would guarantee songwriters will actually get paid and leave the venues free to run their business and present a stage for paid performances. The PROs would actually take in more money from Artist licensing, as well.

The numbers support this. Currently, the process requires Venues to report the artist's playlist, and it is no surprise that very few bother with this. The PROs collect venue fees with no accurate way to distribute the money. The idea of an online exchange would make sense. A performer goes online, submits their songlist and associated songwriters, pays their \$25 for an Artist License and now has the right to perform anywhere they want. And the songwriters actually get paid.

“The number of venues presenting music will explode, artists will make a living and be able to sell those boxes of CDs sitting silently on garage shelves. The PROS are good organizations with a wonderful history helping many. My argument is the law needs to be changed to benefit the world of the musical arts as it stands now ... not as it was decades ago.”

LEGACY ... the “American Pie of the 21st Century”

Michael Johnathon has devoted his highly successful career to proving this business model will work, but it will take an act of Congress to change it to save the careers of thousand of road weary artists.

His latest single, “*Legacy*” is a 9-minute epic that journeys from Pete Seeger to Dylan to Hip Hop to the collapse of the modern-day record business.

To hear the song and read details of the proposal to change the world of music, visit MichaelJohnathon.com/BMI

