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FCC delays work on media ownership rules

JUL. 14 4:52 P.M. ET Crafting new rules on how many broadcast stations and newspapers one company can own is not going to be easy, since federal regulators can't even agree on how to get started.

The Federal Communications Commission was slated to discuss a rewrite of ownership rules at its monthly public meeting on Thursday, but the issue was pulled from the agenda at the last minute. The first set of rules, issued in 2003, was rejected by the courts.

FCC Chairman Kevin Martin said there were disagreements among the agency's four commissioners about the kind of public input that would be sought in writing new rules.

"The commission was trying to move very aggressively in restarting the proceeding," Martin said. "We'll be able to try to get something out as soon as we're able to reach any kind of compromise."

Martin gave no timetable on when the commission might revisit the issue, and few expect it to happen anytime soon.

The five-member commission currently has an open seat and is evenly split between two Republicans and two Democrats. So anything that may even be the least bit controversial probably won't get the required votes to pass the panel until a new commissioner is appointed.

"What happened today is the first really strong sign of what's to come until we get a third Republican commissioner in there," said Christopher Stern, an analyst at Medley Global Advisors, a New York-based financial research firm.

Some of the questions to be resolved before work on new rules begins include how many public hearings the commission would hold and how much money would be spent on independent studies.

Both Democrats on the panel said they would continue to press for public involvement.

"We need to make sure the public has sufficient time to comment on this incredibly complex issue," said Democratic commissioner Jonathan Adelstein.

After two years of study and a contentious 3-2 vote, the commission issued sweeping new ownership rules in June 2003. The day before they were to take effect, the 3rd U.S. Circuit Court of Appeals in Philadelphia blocked them.

The appeals court later rejected many of the rules, saying the FCC did not provide sufficient justification for them. It also rebuked the agency for not providing adequate time for the public to comment on the formula the FCC used to devise the rules.

The Supreme Court last month declined to intervene on appeals from broadcast and newspaper groups.

The rules at issue would have allowed a single company to own television stations and a newspaper in the same area, and to own more TV and radio stations in a single market.

While many media companies supported the changes, the rules set off a firestorm of criticism from lawmakers in both parties as well as public interest groups, small radio stations and others. They said the changes would lead to more media consolidation that would suppress local expression and diverse voices.

Congress overturned one rule that would have allowed a single company to own TV stations reaching up to 45 percent of the nation's viewers. It was scaled back to 39 percent.

The attorney who led the lawsuit to repeal the rules says the status quo should remain.

"We think we have the best system of broadcasting in the world because of, not in spite of, rules that have protected diversity in the media and we don't want to change that," said Andrew Jay Schwartzman, president and chief executive officer of Media Access Project.

Larger media companies have argued the current restrictions are old and hinder their ability to grow and compete in a market changed by cable TV, satellite broadcasts and the Internet.