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FCC Is Set to Revisit Rules on Ownership

Two L.A.-area hearings will be held today, but major broadcasters' focus now is elsewhere.

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The Federal Communications Commission comes to Los Angeles today to kick off the newest installment of its controversial deliberations into loosening ownership restrictions on the broadcast industry.

But, like many sequels, this one may have trouble matching the drama of the 2003 original.

Major media companies are focused more on increasing their Internet presence than on buying TV stations. In addition, the FCC is now barred from easing nationwide ownership limits. And broadcasters are distracted by the complex conversion to digital signals.

"It's not as hot an issue as it was in 2003," FCC Chairman Kevin J. Martin said during an interview Monday at The Times.

Martin's predecessor, Michael K. Powell, ignited a fuse under the issue when he refused to hold public hearings around the nation, angering public interest groups and the commission's two Democrats. Today's hearings — a 1 p.m. session at USC's Davidson Conference Center and a 6:30 p.m. hearing at El Segundo High School — mark the first of six stops where Martin is planning to discuss the issue.

"It's important that the process be open and transparent," he said. The aim is to "gather more evidence from the public" to support any changes the agency decides to make.

Some in the industry are concerned that there will be scant major changes — even as they contend that broadcast regulations make less sense than ever with the growth of the Internet and cable and satellite TV.

"To have the regulations you have when everyone else out there is in the Wild West, free to do what they want when they want, is even more absurd," said Anthony J. Vinciguerra, president of Fox Networks Group.

Nonetheless, a number of issues — including whether the parent companies of newspapers should own TV stations in the same market — remain controversial, and public interest groups are mobilizing to fight any efforts to ease regulations.

"The only local news available on the Internet is repurposed news from the same newspapers and television stations," Media Access Project President Andrew Jay Schwartzman said.

The FCC must periodically review its media ownership regulations. Its last examination, in 2003, sparked controversy.

Split bitterly along party lines, the commission's Republican majority voted to ease rules that restricted how many TV stations one company could own nationally and locally, along with those that prevented stations from merging with newspapers.

Public interest groups reacted angrily, saying the new rules would reduce the distinct voices delivering news.

Congress stepped in and scaled back the FCC's most controversial change — one that allowed a single company to own stations reaching 45% of the nation's viewers, up from 35%. Congress set a new cap at 39.5%.

The agency also has to redraft its rules to satisfy the U.S. 3rd Circuit Court of Appeals in Philadelphia. The court had blocked implementation of the rest of the new ownership rules.

The court ruled that the FCC failed to justify allowing companies to own more radio and TV stations in the same market and lifting a ban on ownership of a major newspaper and TV station in the same market. The issue is a major one for several companies, including Tribune Co., which owns the Los Angeles Times and KTLA-TV Channel 5.

Martin, who voted for the revisions championed by Powell in 2003, said Monday that he had always expressed reservations with some of those rules.

"I thought of it as a package, and I thought the evidence supported it as a whole," he said. But "I was less comfortable with some parts of it. Some things gave me pause for concern."

Although he supported the idea that a newspaper could own a TV station in the same market, he didn't fully back the 45% cap.

Martin acknowledged that ownership concentration has risen in the media industry since 2003, but said that the effect has been blunted by the growth and use of the Internet.

With the national ownership limits off the table, some of the biggest media companies, such as CBS Corp. and Walt Disney Co., have less at stake and are sitting out the public debate.

"The media companies that are lobbying for it aren't lobbying with the same intensity as a few years ago," said Blair Levin, an analyst at brokerage Stifel, Nicolaus & Co.

With those players out of the equation, and Powell no longer there to push for dramatic changes, Levin said the FCC was likely to make smaller revisions.

Levin expects the FCC to allow companies to own a TV station and newspaper in the same market.

Tribune's Washington lobbyist, Shaun Sheehan, said that was important as newspapers and broadcasters faced increased financial pressures.

The FCC had no role in approving the company's 2000 purchase of The Times and newspapers in New York and Hartford, Conn., in which it owned TV stations. But such cross-ownership is an issue as FCC station licenses come up for renewal. KTLA's license is up this year, and Tribune is seeking a waiver until the FCC resolves the media ownership issue.

"All we're saying is allow these major gatherers of information in the big city to explore other avenues to get the news out," Sheehan said.

But public interest groups, argue that doing so could hurt local coverage.

"If you permit the concentration of the largest daily newspaper and the largest television station, you eliminate one of the biggest voices in any locality," said Ben Scott, policy director for the group Free Press.

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