

**Statement of William T. Lake  
Chief, Media Bureau  
Federal Communications Commission**

**Before the  
Committee on the Judiciary  
United States Senate**

**Hearing on  
The FANS Act: Are Sports Blackouts and Antitrust Exemptions Harming Fans,  
Consumers and the Games Themselves?**

**December 4, 2014**

Good morning, Senator Blumenthal and members of the Committee, I am Bill Lake, Chief of the Media Bureau at the Federal Communications Commission. I am pleased to appear before you today to discuss the recent FCC action to eliminate our sports blackout rules.

A bit of history may provide useful context for our action. Our sports blackout rules specifically prohibited cable and satellite operators from airing any sports event that had been blacked out on a local broadcast television station pursuant to a private blackout policy adopted by a sports league. The Commission originally adopted a sports blackout rule for cable in 1975, finding that the rule was necessary to ensure that cable importation of distant stations would not reduce ticket sales revenue and thus lead sports leagues to refuse to sell the rights to their events to distant stations, which could reduce the availability of sports programming for television viewers. We later adopted similar rules for satellite carriers and open video systems.

As you know, the Commission voted unanimously to eliminate these sports blackout rules on September 30, 2014, finding that they were unnecessary and outdated today. The repeal of the rules was published in the Federal Register on October 24, and took effect 30 days later, on November 24.

The Commission's action followed an open and transparent public process that began in 2011, when the Sports Fan Coalition filed a *Petition for Rulemaking* with the Commission. The Media Bureau first sought comment on the *Petition* in 2012, and the Commission officially proposed to eliminate the rules in a *Notice of Proposed Rulemaking* adopted in December 2013.

After careful consideration of the comments we received in the proceeding, the Commission found that significant changes in the sports industry since the rules were adopted had eliminated the justification for the rules.

First, for the National Football League (NFL), the only league for which the Commission's sports blackout rules continued to be relevant, ticket sales are no longer the primary source of revenue. The massive popularity of that sport means that the primary source of income for the NFL has shifted to television, with TV revenues now the NFL's main source of

revenue, approaching \$6 billion this year. Total NFL revenues reportedly exceeded \$10 billion in 2013.

Second, the increased popularity of NFL games has brought fans to the stadiums in numbers that make blackouts increasingly rare. In 1975, almost 60 percent of NFL games were blacked out because they failed to sell out. Last year, only two of 256 regular season NFL games -- less than one percent -- were blacked out, and no games have been blacked out so far this year. Moreover, in recent years, blackouts have affected only a few NFL markets, such as Buffalo, Cincinnati, and San Diego.

Finally, the Commission determined that the impact on consumers of eliminating its sports blackout rules would be minimal. The NFL's existing contracts with the broadcast networks extend through 2022, keeping games on over-the-air stations through at least that timeframe. Beyond that, the Commission found it is highly unlikely that the NFL would find it more profitable to move its games from over-the-air stations to pay TV in the absence of the sports blackout rules.

In conclusion, I would like to note that I am limiting my testimony to the Commission's decision and its rationale. Elimination of our rules does not prevent the sports leagues from continuing to have sports blackout policies, and the Commission does not take a position on whether Congress should eliminate or modify existing antitrust exemptions that allow leagues to have such blackout policies in the first place.

Again, thank you for the opportunity to appear before you today. I will be happy to take your questions.