

Communications

Six Stations Set for Minority Ownership Following Broadcast Sidecar Agreement Order

The stage is set for six full-power television stations to be sold to three minority-owned and women-owned broadcasters as a major broadcasting company unwinds joint service agreements.

Gray Television Inc., which will reach about eight percent of the U.S. television market after the deals close, said it selected and “entered into definitive agreements” with owners to transfer six of its former shared stations to their full control, the company said in an Aug. 27 press release.

The new owners “will provide increased ownership and programming diversity to the stations’ local markets,” the Gray press release said.

The arrangement comes months after the Federal Communications Commission in a 3-2 party line vote ordered that joint service agreements (JSAs), which allow TV stations competing in the same market to share advertising and resources, would be attributable, causing a surge of backlash from the broadcast industry. Many broadcasters now must get rid of stations to fall within the FCC broadcast ownership rules.

FCC Chairman Tom Wheeler commended the Minority Media and Telecommunications Council (MMTC), the brokerage division of which Gray retained to find buyers of the six stations that would “increase diversity of ownership and programming in each of these markets,” according to an Aug. 27 statement. “Such actions demonstrate how our rules can actively promote both competition and diversity, keep stations on the air, and serve the public interest.”

The six stations are KXJB in Fargo, N.D.; KJCT in Grand Junction, Colo.; KHAS in Hastings-Lincoln, Neb.; KAQY in Monroe, La.; KNDX in Bismarck, N.D. and KXND in Minot, N.D.

Previous Controversy. FCC Republican commissioners, who voted against the order, previously said the change would hurt broadcasters’ ability to provide local

programming and lead to reduced diversity in broadcast station ownership (62 DER A-1, 4/1/14).

“We make JSAs attributable for purposes of our local television ownership rule but refuse to address the substantial record evidence that taking this step will harm localism and diversity,” FCC Commissioner Ajit Pai, a Republican, said during March discussion of the order.

Pai’s spokeswoman declined to comment on the Gray announcement.

Diversity in Ownership. The owners Gray selected to acquire the stations are either minorities or women.

The National Association of Broadcasters (NAB) supported the announcement from Gray.

“NAB is always pleased to learn that the ownership ranks of broadcasting are adding women and people of color,” Dennis Wharton, NAB executive vice president of communications said to Bloomberg BNA in a e-mailed statement Aug. 27. “NAB’s Education Foundation has numerous programs designed to increase opportunities for individuals and groups that have traditionally been underrepresented in broadcasting, and those programs are working. We are committed to increased diversity throughout all ranks of the broadcasting business, and we applaud today’s action by Gray Television.”

Two of the owners Gray is targeting to sell to have completed a NAB leadership program aimed at preparing station programmers to become station owners, the Gray press release said.

MMTC helped Gray vet the prospective owners, the company said in the press release.

“It’s the largest diversity deal for television ownership in 10 years,” MMTC President David Honig told Bloomberg BNA in an Aug. 27 phone interview.

The FCC will have to approve the sale and the process usually takes a couple of months, Honig said.

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