

NOTICE OF GROUNDS FOR PROPOSED TARIFF

Filed with the Copyright Board by SOCAN on 2024-10-15 pursuant to Rule 15 of *Copyright Board Rules of Practice and Procedure*

SOCAN Tariff 20 – Karaoke Bars and Similar Establishments (2026-2028)

1. Description of Uses Covered by the Proposed Tariff

This tariff applies to public performances of any or all of the musical works in SOCAN's repertoire by means of karaoke machines at karaoke bars and similar establishments.

2. Description of Users / Groups of Users Covered by the Proposed Tariff

Users are karaoke bars and similar establishments. Importantly, it is the nature of the *use*, and not the nature of the user, that determines whether the tariff applies.

3. Explanation of How Royalties are Determined

The proposed royalty rate for 2026-2028 is an annual fee. For establishments operating with karaoke no more than 3 days a week, the proposed rate is \$297.21. For establishments operating with karaoke more than 3 days a week, the proposed rate is \$428.27.

The proposed royalties are based on the previously approved tariff. The proposed royalty rates have been increased since the last approved tariff which received a rate increase, which was approved in 2017 for the years 2013 to 2017 (and, more specifically, the rate increase for the year 2015). This proposed increase accounts for inflation according to the Board's established CPI-adjustment formula and the Board's default methodology as published by the Board in its *Inflation Adjustment to Royalty Rates – Default Methodology*. The inflation calculation commences in January 2014. SOCAN has estimated the appropriate inflationary increase based on projected CPI for years that full CPI data is not available. According to the Board's adjustment formula, this figure will likely change once actual CPI data is available. Notwithstanding the proposed royalty rates, SOCAN requests that the Board certify the maximum inflationary increase that SOCAN is entitled to under the Board's adjustment formula at the time of approval of the tariff and that such inflation calculation commence as of the last inflationary increase to the royalty rates.

4. Submissions on the Collection of Information

The proposed tariff requires each user to report the number of days it operates with karaoke in a week by January 31 of the year covered by the tariff. The information collected under the proposed tariff is needed to calculate and verify the applicable royalties.

5. Explanation of Changes from Previously Approved Tariff

- 1) The explanation for the proposed rates for 2026-2028 is found above.
- 2) The tariff wording has been amended to remove the COVID-19 adjustment and temporary measures implemented in the previously-approved tariff. Such COVID-19 adjustment and related terms are no longer necessary, and, in any event, were not applicable to the year 2022 and, therefore, should not be applicable for the years 2026-2028.