

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 3.B – Cabarets, Cafes, Clubs, Cocktail Bars, Dining Rooms, Lounges, Restaurants, Roadhouses, Taverns, and Similar Establishments - Recorded Music Accompanying Live Entertainment (2026-2028)

1. Description of Uses Covered by the Proposed Tariff

This tariff applies to public performance – by means of recorded music – of any or all of the musical works in SOCAN’s repertoire as an integral part of live entertainment in cabarets, cafes, clubs, cocktail bars, dining rooms, lounges, restaurants, roadhouses, taverns and similar establishments.

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

Users are cabarets, cafes, clubs, cocktail bars, dining rooms, lounges, restaurants, roadhouses, taverns 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 2% of the compensation for entertainment paid in the year covered by the tariff, subject to a minimum annual fee of \$96.76.

The proposed royalty rate of 2% of the compensation for entertainment paid in the year is the same as the royalty rate in the previously approved tariff, which was approved by the Board in 2022 for the years 2018-2025 (2022 CB 17-T). The proposed minimum fee has been increased 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 2022. 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 minimum fee of \$96.76, 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 minimum fee.

4. Submissions on the Collection of Information

The proposed tariff requires users to report the compensation paid for entertainment in a year. This is an annual fee tariff, which is paid in advance, based on the compensation paid for entertainment in the previous year. The report made no later than January 31 of the following year allows SOCAN to verify the fees paid for the previous year and adjust as necessary.

5. Explanation of Changes from Previously Approved Tariff

- 1) The explanation for the proposed minimum fee for 2026-2028 is found above.
- 2) The proposed tariff adds an application clause that clarifies the scope of the tariff. Such clarity is of assistance for users, and aids in SOCAN’s administration of the tariff. This clause is consistent with other SOCAN tariff and complies with the Board’s *Practice Notice on Filing of Proposed Tariffs* [PN 2019-004 rev. 4] by limiting reliance on ambulatory references to other tariffs.

3) The proposed tariff removes the reduced minimum fee for the years 2020 and 2021, which was approved by the Board to account for the COVID-19 pandemic. The reduced minimum fee is longer necessary, and, in any event, was not applicable to the years 2022-2025 and, therefore, should not be applicable for the years 2026-2028.