FAQ: the Living Wage for Musicians Act (LWMA)
from United Musicians and Allied Workers (UMAW)
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A New Streaming Royalty, Paid Directly to Artists

Who are UMAW?
- **United Musicians and Allied Workers** (**UMAW**) are self-employed musicians and music workers (including producers, sound engineers, mastering engineers, venue workers, label workers, and other professionals in the music industry). The organization started during the COVID emergency of 2020, when all live performances stopped. UMAW has since engaged 70,000+ musicians and music workers in its actions to build a more equitable music industry. UMAW is a 501(c)(4) non-profit organization.

Who drafted the Living Wage for Musicians Act?
- The **LWMA** was drafted by UMAW together with Harvard Law School's Cyberlaw Clinic directed by Christopher Bavitz, professor of law and co-director of the Berkman Klein Center for Internet and Society. The drafting process took over two years of research by the Cyberlaw Clinic and consultations with stakeholders by UMAW.

What is the goal of the Living Wage for Musicians Act?
- When streaming audio entered the US market in 2011, pioneered by Swedish company Spotify and then copied by Apple Music, Amazon Music and others, it avoided existing regulations passed by Congress for direct payment to recording musicians for use of their work over digital networks. The **LWMA** brings so-called "interactive" streaming by Spotify, Apple Music, Amazon Music and others into line with the intent of laws previously passed by Congress for direct payment to recording musicians from satellite radio, internet broadcast, and "non-interactive" streaming platforms like Pandora.

Streaming services have been a big success. What's wrong with the status quo?
- Audio streaming has been quickly adopted by the music listening public, eclipsing other forms of distribution so successfully that according to the RIAA, 84% of all recorded music revenue in 2024 was from streaming. However, **none of that revenue is paid directly to musicians**. This has created a crisis for working artists, who have been shut out from the benefits of this new technology even as they supply all its crucial content. UMAW was formed out of this crisis, which has left artists with large and devoted audiences unable to make their work return a living wage. And younger artists entering the field currently see no path to a full-time professional career.

What are the legislative precedents for the Living Wage for Musicians Act?
- There are two main precedents for the **LWMA**. Both were passed unanimously by the House and Senate.

- First is the **Audio Home Recording Act of 1992 (AHRA).** The AHRA was designed to compensate musicians and music rights holders for income lost to the introduction of home digital recording technology. The royalties generated by the AHRA come directly from consumers, by implementing a surcharge on the retail price of digital recording equipment and digital blank media. It is still in effect today. (You will find it listed as a line item on your monthly subscription bill from satellite radio.)

· Second is the **Digital Performance in Sound Recordings Act of 1995 (DPRA).** The DPRA established that musicians and music rights holders must be paid royalties directly by digital platforms operating satellite radio or non-interactive internet broadcast, which includes the pre-Spotify streaming platform Pandora. 50% of these royalties are paid to rights holders, 50% are paid directly to recording musicians via SoundExchange, a non-profit administrator established in the wake of this act and the subsequent **Digital Millennium Copyright Act of 1998 (DMCA).**

Does the Living Wage for Musicians Act raise the cost of streaming subscriptions?
- Like the **AHRA** and the **DPRA**, the **Living Wage for Musicians Act (LWMA)** adds a royalty surcharge to the consumer price for a new digital distribution technology, in this case the price of music streaming subscriptions, and distributes that revenue directly to recording musicians. Digital Service Providers (DSPs) offering interactive music streaming services will collect the royalty surcharge from subscribers and pass all of it to a collection and distribution fund, the **Artist Compensation Royalty Fund**. This fund will operate along the same lines as the fund previously created by Congress for royalties from satellite radio, internet broadcast, and non-interactive streaming, and will be administered by existing non-profit SoundExchange or by a similar entity.

Who benefits directly from the new royalty created by the Living Wage for Musicians Act?
- The **Artist Compensation Royalty Fund** will distribute all of its royalties to featured and non-featured musicians. Featured musician distributions will be paid directly to recording artists by existing non-profit administrator SoundExchange or by a similar entity, just as they are for satellite radio and non-interactive streaming as established by the DPRA and DMCA. Non-featured distributions will also operate along the lines of those currently collected for satellite radio and non-interactive streaming as established by the DPRA and DMCA, via unions SAG-AFTRA and AFM.

Will any rights holders lose direct income as a result of the Living Wage for Musicians Act?
- The new streaming royalty established by the **LWMA** does not alter any current agreements between DSPs and record labels, between DSPs and publishers, between record labels and artists, or any other agreements in place related to currently flowing streaming revenue. **This new streaming royalty is over and above and in addition to all existing payments from DSPs**. (Note: since rights holders and publishers already receive payments directly from DSPs, they are not a part of the LWMA which applies only to recording musicians.)

Will corporations receive any of this additional new royalty revenue from the LWMA?
- None of the new streaming royalty revenue will go to tech companies like Amazon, Apple, Google, and Spotify, or to major labels like Sony, Universal or Warner Music Group. All monies collected by the **LWMA** will be distributed directly to recording musicians.

Would enactment of the LWMA damage DSP profits and threaten their business or existing services?
- The **LWMA** leaves all subscription revenue the DSPs currently receive in place, as well as all their private contracts. It is a widely held opinion in the music industry that DSPs have been undercharging for subscriptions in an effort to gain market share. Now that they have saturated that market, it is inevitable that they will raise subscription prices, just as video streaming services have done. However, without the **LWMA** those increases will again not direct any money to the artists who create the content for these platforms. It is UMAW's position that streaming services will

improve through the **LWMA** by injecting money into the creative economy that provides them with the content to attract and retain customers. It will also put musicians and DSPs on the same side of growth for streaming.

Can AI-generated music receive any of this additional new royalty revenue from the LWMA?
- The **LWMA** stipulates that this new streaming royalty revenue will be paid only to “human creators, which does not include corporate entities or fully generative artificial intelligence.”