



**MECHANICAL  
LICENSING  
COLLECTIVE**

# Statutory Royalty Rate Formula Tables

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# Statutory Mechanical Royalty Rate Formula Table for Permanent Downloads and Ringtones

Rate Period		Royalty Amount per Download (whichever is greater)	
Phono I	2008-2012	\$0.091	\$0.0175 per minute of playing time or fraction of a minute of playing time
Phono II	2013-2017		
Phono III	2018-2022		
Phono IV	2023	\$0.12	\$0.0231 per minute of playing time or fraction of a minute of playing time
	2024	\$0.124	\$0.0239 per minute of playing time or fraction of a minute of playing time
	2025	\$0.127	\$0.0245 per minute of playing time or fraction of a minute of playing time
	2026	\$0.131	\$0.0252 per minute of playing time or fraction of a minute of playing time
	2027	To Be Determined. Rates will be adjusted annually to reflect cost of living changes based on the Consumer Price Index for All Urban Consumers	

*Calculation tip:* If the length of a recording of the song is equal to or less than 5 minutes, the amount in column three above applies; if the length of the recording is more than 5 minutes, round up to the next whole minute and multiply the number of minutes by the amount in column four above.

Rate Period		Royalty Amount per Ringtone
Phono I	2008-2012	\$0.24
Phono II	2013-2017	
Phono III	2018-2022	
Phono IV	2023-2027	

# Statutory Mechanical Royalty Rate Formula Table for Interactive Streams and Limited Downloads

## Statutory Royalty Rate Definition Summaries For All Rate Periods

Service Offering	Abbr.	Definition
Standalone non-portable subscription—streaming only	S1	User pays a subscription fee solely for streaming, on a non-portable device only and while the device is online.
Standalone non-portable subscription—mixed	S2	User pays a subscription fee for either streaming or eligible limited downloads, on a non-portable device only.
Standalone portable subscription	S3	User pays a subscription fee for streaming (or eligible limited downloads) on a portable device.
Bundled subscription	S4	Combination of subscription offering with one or more other products or services, purchased by user in a single transaction.
Standalone Limited offering	S5	User pays a subscription fee but cannot listen to individual recordings on-demand or has a substantially limited choice of recordings to stream.
Free nonsubscription/ ad-supported	F1	User is able to stream without paying a subscription fee, in exchange for listening to advertisements.
Mixed service bundle	M1	Combination of offering with one or more other products or services, purchased by user in a single subscription transaction, where the DSP also offers users a separate Standalone subscription, and where the offering offers users less functionality than the separate Standalone subscription.
Paid locker	L1	User pays a subscription fee to access recordings that they previously purchased or otherwise possess.
Purchased content locker	L2	User is able to access recordings that they previously purchased or otherwise possess, at no additional cost.

Complete definitions can be found in [Phono IV: 37 CFR §385.2 Definitions](#)

## Data for the DSP Offering for the Month

<b>Service Revenue (SR)</b>	Revenue a service provider receives including from subscriptions, advertising, sponsorships, and commissions.
<b>Total Cost of Content (TCC)</b>	Amount given, including to record labels or distributors, for the service's use of the sound recordings.
<b>Number of Subscribers (Sub)</b>	Number of end users of a service who are subscribers; for bundled subscription services, the number of end users who made at least one play during the month.
<b>Performance Royalties (PR)</b>	Amount of money paid by a service provider for permission to publicly perform songs.
<b>Play (P)</b>	An interactive stream, or play of a limited download, lasting 30 seconds or more; if the recording itself is less than 30 seconds, then a stream or play of the entire duration of the recording.
<b>Number of Plays of all songs on the service (PL)</b>	Number of plays of all songs on the service, excluding promotional royalty rate plays.
<b>Number of Plays of the songs on the service (PW)</b>	Number of plays of a specific song on the service, excluding promotional royalty rate plays.

# Statutory Mechanical Royalty Rate Formula Table for Interactive Streams and Limited Downloads

## Overtime Adjustment For All Rate Periods

If the length of a recording is more than 5 minutes, each play that occurs is counted as more than 1 play. Note, this is the length of the entire recording, not how long the recording was played for.

Playing time of the recording	Multiply plays by
5 minutes or less	multiply by 1
5:01 to 6:00 minutes	multiply by 1.2
6:01 to 7:00 minutes	multiply by 1.4
7:01 to 8:00 minutes	multiply by 1.6
8:01 to 9:00 minutes	multiply by 1.8
9:01 to 10:00 minutes	multiply by 2.0
> 10 minutes, Add .2 for each additional minute or fraction thereof	

# Statutory Mechanical Royalty Rate Formula Table for Interactive Streams and Limited Downloads: Pre-Phono I (2007)

(S1) Standalone non-portable subscription—streaming only

(S4) Bundled subscription

(S2) Standalone non-portable subscription—mixed

(F1) Free nonsubscription/ ad-supported

(S3) Standalone portable subscription

Type of Service Offering	S1	S2	S3	S4	F1
Step 1: DETERMINE Total All-In Royalty Pool for Songs					
All-In Royalty Pool for Songs (E) = Greater of A% of Service Revenue compared to the lower of B\$ per subscriber (if applicable) or C% of Total Cost of Content <i>E = Greater of (A x SR) or ((lower of (B x Sub) or (C x TCC))</i>					
A. The % of Service Revenue for All-In Song Royalty Pool Calculation	8.5%				
B. The amount per subscriber for All-In Song Royalty Pool Calculation	\$0.50	\$0.50	\$0.80	N/A	N/A
C. The % of Total Cost of Content (TCC)*	14.53% or 17%				
Step 2: SUBTRACT Performance Royalties					
Initial Mechanical Royalty Pool (F) = All-In Royalty Pool for Songs (E) minus Performance Royalties <i>F = E - PR</i>					
Step 3: FINALIZE Mechanical Royalty Pool					
Final Mechanical Royalty Pool (G) = Initial Mechanical Royalty Pool (F) or \$D per Subscriber <i>G = Greater of (I) or (D x Sub)</i>					
D. The amount per subscriber the Mechanical Royalty Pool cannot fall below	\$0.15	\$0.30	\$0.50	\$0.25	N/A
Step 4: CALCULATE Royalties for Each Song					
Royalty Amount Per Play (H) = Final Mechanical Royalty Pool (G) divided by Number of Plays of all Songs on the Service <sup>±</sup> <i>H = G/PL</i>					
Mechanical Royalties for the Song (I) = Royalty Amount Per Play multiplied by the Number of Plays of the Song <sup>±</sup> <i>I = H x PW</i>					

\*The higher percentage rate applies when the DSP has secured the mechanical license instead of the record label

<sup>±</sup> A play must be 30 seconds or more. If the recording itself is less than 30 seconds, then the play must be of the entire duration of the recording. For the full definition, see 37 CFR §385.2. Additionally, if the length of a recording is more than 5 minutes, each play that occurs is counted as more than 1play. Note, this is the length of the entire recording, not how long the recording was played for. This is called an overtime adjustment, and you can find more information about it on another page in this document.

# Statutory Mechanical Royalty Rate Formula Table for Interactive Streams and Limited Downloads: Phono I (2008-2012)

(S1) Standalone non-portable subscription—streaming only

(S4) Bundled subscription

(S2) Standalone non-portable subscription—mixed

(F1) Free nonsubscription/ ad-supported

(S3) Standalone portable subscription

Type of Service Offering	S1	S2	S3	S4	F1
<b>Step 1: DETERMINE Total All-In Royalty Pool for Songs</b>					
All-In Royalty Pool for Songs (E) = Greater of A% of Service Revenue compared to the lower of B\$ per subscriber (if applicable) or C% of Total Cost of Content <i>E = Greater of (A x SR) or ((lower of (B x Sub) or (C x TCC))</i>					
A. The % of Service Revenue for All-In Song Royalty Pool Calculation	10.5%				
B. The amount per subscriber for All-In Song Royalty Pool Calculation	\$0.50	\$0.50	\$0.80	N/A	N/A
C. The % of Total Cost of Content (TCC)*	18% or 22%	17.36% or 21%	17.36% or 21%	17.36% or 21%	18% or 22%
<b>Step 2: SUBTRACT Performance Royalties</b>					
Initial Mechanical Royalty Pool (F) = All-In Royalty Pool for Songs (E) minus Performance Royalties <i>F = E - PR</i>					
<b>Step 3: FINALIZE Mechanical Royalty Pool</b>					
Final Mechanical Royalty Pool (G) = Initial Mechanical Royalty Pool (F) or \$D per Subscriber <i>G = Greater of (F) or (D x Sub)</i>					
D. The amount per subscriber the Mechanical Royalty Pool cannot fall below	\$0.15	\$0.30	\$0.50	\$0.25	N/A
<b>Step 4: CALCULATE Royalties for Each Song</b>					
Royalty Amount Per Play(H) = Final Mechanical Royalty Pool (G) divided by Number of Plays of all Songs on the Service <sup>±</sup> <i>H = G/PL</i> Mechanical Royalties for the Song (I) = Royalty Amount Per Play multiplied by the Number of Plays of the Song <sup>±</sup> <i>I = H x PW</i>					

\*The higher percentage rate applies when the DSP has secured the mechanical license instead of the record label

<sup>±</sup> A play must be 30 seconds or more. If the recording itself is less than 30 seconds, then the play must be of the entire duration of the recording. For the full definition, see 37 CFR §385.2. Additionally, if the length of a recording is more than 5 minutes, each play that occurs is counted as more than 1play. Note, this is the length of the entire recording, not how long the recording was played for. This is called an overtime adjustment, and you can find more information about it on another page in this document.

# Statutory Mechanical Royalty Rate Formula Table for Interactive Streams and Limited Downloads: Phono II (2013-2017)

(S1) Standalone non-portable subscription—streaming only

(F1) Free nonsubscription/ ad-supported

(S2) Standalone non-portable subscription—mixed

(M1) Mixed service bundle

(S3) Standalone portable subscription

(L1) Paid locker

(S4) Bundled subscription

(L2) Purchased content locker

(S5) Standalone Limited offering

Type of Service Offering	S1	S2	S3	S4	S5	F1	M1	L1	L2
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## Step 1: DETERMINE Total All-In Royalty Pool for Songs

All-In Royalty Pool for Songs (E) = Greater of A% of Service Revenue compared to the lower of B\$ per subscriber (if applicable) or C% of Total Cost of Content

*E = Greater of (A x SR) or ((lower of (B x Sub) or (C x TCC))*

A. The % of Service Revenue for All-In Song Royalty Pool Calculation	10.5%						11.35%	12%	12%
B. The amount per subscriber for All-In Song Royalty Pool Calculation	\$0.50	\$0.50	\$0.80	N/A	\$.18*	N/A	N/A	\$0.17*	N/A
C. The % of Total Cost of Content (TCC)**	18% or 22%	17.36% or 21%	17.36% or 21%	17.36% or 21%	17.36% or 21%	18% or 22%	17.36% or 21%	17.11% or 20.65%	18% or 22%

## Step 2: SUBTRACT Performance Royalties

Initial Mechanical Royalty Pool (F) = All-In Royalty Pool for Songs (E) minus Performance Royalties

*F = E - PR*

## Step 3: FINALIZE Mechanical Royalty Pool

Final Mechanical Royalty Pool (G) = Initial Mechanical Royalty Pool (F) or \$D per Subscriber

*G = Greater of (F) or (D x Sub)*

D. The amount per subscriber the Mechanical Royalty Pool cannot fall below	\$0.15	\$0.30	\$0.50	\$0.25	N/A	N/A	N/A	N/A	N/A
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## Step 4: CALCULATE Royalties for Each Song

Royalty Amount Per Play (H) = Final Mechanical Royalty Pool (G) divided by Number of Plays of all Songs on the Service<sup>±</sup>

*H = G/PL*

Mechanical Royalties for the Song (I) = Royalty Amount Per Play multiplied by the Number of Plays of the Song<sup>±</sup>

*I = H x PW*

\*For S5 and L1 service offering types, the A% of Service Revenue is compared to the greater of (rather than the lower of) the B\$ per subscriber and C% of Total Cost of Content amounts

\*\*The higher percentage rate applies when the DSP has secured the mechanical license instead of the record label

<sup>±</sup> A play must be 30 seconds or more. If the recording itself is less than 30 seconds, then the play must be of the entire duration of the recording. For the full definition, see 37 CFR §385.2. Additionally, if the length of a recording is more than 5 minutes, each play that occurs is counted as more than 1 play. Note, this is the length of the entire recording, not how long the recording was played for. This is called an overtime adjustment, and you can find more information about it on another page in this document.

# Statutory Mechanical Royalty Rate Formula Table for Interactive Streams and Limited Downloads: Phono III (2018-2022)

(S1) Standalone non-portable subscription—streaming only

(S2) Standalone non-portable subscription—mixed

(S3) Standalone portable subscription

(S4) Bundled subscription

(S5) Standalone Limited offering

(F1) Free nonsubscription/ ad-supported

(M1) Mixed service bundle

(L1) Paid locker

(L2) Purchased content locker

Type of Service Offering	S1	S2	S3	S4	S5	F1	M1	L1	L2
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## Step 1: DETERMINE Total All-In Royalty Pool for Songs

All-In Royalty Pool for Songs (E) = Greater of A% of Service Revenue compared to the lower of B\$ per subscriber (if applicable) or C% of Total Cost of Content

$E = \text{Greater of } (A \times SR) \text{ or } ((\text{lower of } (B \times \text{Sub}) \text{ or } (C \times TCC))$

A. The % of Service Revenue for All-In Song Royalty Pool Calculation	2018	2019	2020	2021	2022				
	11.4%	12.3%	13.3%	14.2%	15.1%				
B. The amount per subscriber for All-In Song Royalty Pool Calculation	\$0.50	\$0.50	\$0.80	N/A	N/A	N/A	N/A	N/A	N/A
C. The % of Total Cost of Content (TCC)	22%	21%	21%	21%	21%	22%	21%	20.65%	22%

## Step 2: SUBTRACT Performance Royalties

Initial Mechanical Royalty Pool (F) = All-In Royalty Pool for Songs (E) minus Performance Royalties

$F = E - PR$

## Step 3: FINALIZE Mechanical Royalty Pool

Final Mechanical Royalty Pool (G) = Initial Mechanical Royalty Pool (F) or \$D per Subscriber

$G = \text{Greater of } (F) \text{ or } (D \times \text{Sub})$

D. The amount per subscriber the Mechanical Royalty Pool cannot fall below	\$0.15	\$0.30	\$0.50	\$0.25	N/A	N/A	N/A	N/A	N/A
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## Step 4: CALCULATE Royalties for Each Song

Royalty Amount Per Play (H) = Final Mechanical Royalty Pool (G) divided by Number of Plays of all Songs on the Service<sup>±</sup>

$H = G/PL$

Mechanical Royalties for the Song (I) = Royalty Amount Per Play multiplied by the Number of Plays of the Song<sup>±</sup>

$I = H \times PW$

<sup>±</sup> A play must be 30 seconds or more. If the recording itself is less than 30 seconds, then the play must be of the entire duration of the recording. For the full definition, see 37 CFR §385.2. Additionally, if the length of a recording is more than 5 minutes, each play that occurs is counted as more than 1 play. Note, this is the length of the entire recording, not how long the recording was played for. This is called an overtime adjustment, and you can find more information about it on another page in this document.



# Statutory Mechanical Royalty Rate Formula Table for Interactive Streams and Limited Downloads: Phono IV (2023-2027)

(S1) Standalone non-portable subscription—streaming only

(F1) Free nonsubscription/ ad-supported

(S2) Standalone non-portable subscription—mixed

(M1) Mixed service bundle

(S3) Standalone portable subscription

(L1) Paid locker

(S4) Bundled subscription

(L2) Purchased content locker

(S5) Standalone Limited offering

Type of Service Offering	S1	S2	S3	S4	S5	F1	M1	L1	L2
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## Step 1: DETERMINE Total All-In Royalty Pool for Songs

All-In Royalty Pool for Songs (E) = Greater of A% of Service Revenue compared to the lower of B\$ per subscriber (if applicable) or C% of Total Cost of Content

*E = Greater of (A x SR) or ((lower of (B x Sub) or (C x TCC))*

A. The % of Service Revenue for All-In Song Royalty Pool Calculation	<div> <div>2023</div> <div>2024</div> <div>2025</div> <div>2026</div> <div>2027</div> </div>								
	15.1%	15.2%	15.25%	15.3%	15.35%				
B. The amount per subscriber for All-In Song Royalty Pool Calculation	\$0.60	\$0.60	\$1.10	N/A	N/A	N/A	N/A	N/A	N/A
C. The % of Total Cost of Content (TCC)	26.2%	26.2%	26.2%	24.5%	26.2%	26.2%	26.2%	26.2%	26.2%

## Step 2: SUBTRACT Performance Royalties

Initial Mechanical Royalty Pool (F) = All-In Royalty Pool for Songs (E) minus Performance Royalties

*F = E - PR*

## Step 3: FINALIZE Mechanical Royalty Pool

Final Mechanical Royalty Pool (G) = Initial Mechanical Royalty Pool (F) or \$D per Subscriber

*G = Greater of (F) or (D x Sub)*

D. The amount per subscriber the Mechanical Royalty Pool cannot fall below	\$0.18	\$0.36	\$0.60	\$0.33 or \$0.25*	NA	N/A	\$0.25	N/A	N/A
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## Step 4: CALCULATE Royalties for Each Song

Royalty Amount Per Play (H) = Final Mechanical Royalty Pool (G) divided by Number of Plays of all Songs on the Service<sup>±</sup>

*H = G/PAI*

Mechanical Royalties Due for the Song (I) = Royalty Amount Per Play multiplied by the Number of Plays of the Song<sup>±</sup>

*I = H x PS*

\*In the case of a Bundled Subscription Offering, the minimum is \$.33; however, where the licensed activity provided as part of a Bundled Subscription Offering would qualify as a Standalone Limited Offering if offered on a standalone basis, the minimum is \$0.25

<sup>±</sup> A play must be 30 seconds or more. If the recording itself is less than 30 seconds, then the play must be of the entire duration of the recording. For the full definition, see 37 CFR §385.2. Additionally, if the length of a recording is more than 5 minutes, each play that occurs is counted as more than 1play. Note, this is the length of the entire recording, not how long the recording was played for. This is called an overtime adjustment, and you can find more information about it on another page in this document.