

Praetorian Legal Service's The Ultimate Guide to Songwriting Royalties: ASCAP and BMI

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Praetorian



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1. Introduction

Songwriters create the music that forms the soundtrack of our lives, and they deserve to be compensated for their creativity and hard work. This guide explores the intricate world of songwriting royalties, with a specific focus on the roles played by ASCAP (American Society of Composers, Authors, and Publishers) and BMI (Broadcast Music, Inc.). We will break down the different types of royalties, explain the concept of songwriter's share and publisher's share, delve into ASCAP's reporting and payment policies, and do the same for BMI.

2. Understanding Songwriting Royalties

Songwriting royalties are the income earned by songwriters and publishers when their music is used in various ways. There are several types of royalties, each associated with a different use of the song:

2.1. Mechanical Royalties



Mechanical royalties are earned when your song is reproduced or distributed, such as when it's sold as a physical or digital copy, streamed, or downloaded. These royalties are usually paid by record labels or streaming platforms to songwriters and publishers.

2.1.1. Mechanical Royalties: A Deeper Dive

Mechanical royalties represent a significant source of income for songwriters and composers. These royalties are generated when a song is reproduced or distributed in various forms, including physical copies like CDs, vinyl records, and cassettes, as well as digital formats such as downloads and streams. It's important to understand why mechanical royalties are paid by record labels and how the rates for these royalties are calculated.

2.1.2. Why Mechanical Royalties are Paid by Record Labels

Mechanical royalties are primarily paid by record labels because they are associated with the physical and digital reproduction of music. When a record label wants to release an artist's music, they obtain a license from the song's copyright holder(s), typically the songwriter and their music publisher. This license allows the record label to make copies of the song's recording and distribute them to the public.

Here's how the process typically works:

1. **Recording Agreement:** An artist or band signs a recording agreement with a record label. This agreement specifies the terms under which the label can use the artist's songs, including how mechanical royalties will be paid.
2. **License to Reproduce:** As part of the recording agreement, the record label obtains a license to reproduce the songs covered by the agreement. This license grants them the right to create copies of the songs for commercial release.
3. **Manufacturing and Distribution:** The record label manufactures physical copies (e.g., CDs) or releases digital versions of the songs. These copies are then distributed to retailers, streamed on digital platforms, or sold directly to consumers.
4. **Payment of Mechanical Royalties:** To compensate songwriters and music publishers for the use of their songs, record labels are required to pay mechanical royalties based on the number of units sold or streamed.

2.1.3. How Mechanical Royalty Rates are Calculated

Mechanical royalty rates can vary depending on factors like the type of release, the country in which the release occurs, and changes in copyright law. However, understanding the basics of mechanical royalty calculations is crucial for songwriters and composers.

1. **Statutory Mechanical Royalty Rates:** In the United States, the Copyright Royalty Board (CRB) sets statutory mechanical royalty rates for physical and digital formats. These rates are periodically reviewed and adjusted. As of my



knowledge cutoff date in September 2021, the statutory mechanical royalty rate for physical recordings was 9.1 cents per song per copy for recordings with playing times of five minutes or less.

2. **Custom Negotiated Rates:** For some recordings, especially those involving major artists or unique licensing arrangements, mechanical royalty rates may be custom-negotiated between the record label and the copyright holder(s). These rates can be higher or lower than the statutory rates and are typically outlined in the recording agreement.
3. **Digital Streaming Mechanicals:** In the digital age, mechanical royalties for streaming services are calculated differently. Instead of a fixed rate per copy sold, streaming services often pay mechanical royalties based on a percentage of their revenue or a per-stream basis. These rates can vary widely and depend on the platform's terms and the user's location.
4. **International Mechanical Royalties:** Mechanical royalty rates outside of the United States are subject to local laws and regulations. Different countries may have their own statutory rates or negotiated agreements, making it essential to understand the specific rules in each jurisdiction where your music is released.
5. **Collection Societies:** Songwriters and music publishers often rely on collection societies (e.g., Harry Fox Agency in the U.S.) to administer and collect mechanical royalties on their behalf. These organizations track and collect mechanical royalties from record labels and digital service providers and then distribute the earned royalties to the copyright holders.

As a songwriter or composer, it's essential to stay informed about mechanical royalty rates and licensing agreements, especially given the evolving nature of the music industry. Additionally, consider joining a music publisher or PRO like ASCAP or BMI to help ensure that you receive your mechanical royalties promptly and accurately.

2.2. Performance Royalties

Performance royalties are generated when your song is publicly performed, whether live in a venue or broadcast on radio, TV, or online platforms. These royalties are collected by performing rights organizations (PROs) like ASCAP and BMI.

2.2.1. Performance Royalties: Unveiling the Landscape

Performance royalties represent a critical income stream for songwriters and composers, particularly in the United States. These royalties are generated when a song is publicly performed, whether it's played on the radio, performed live in a concert hall, featured in a TV show, or streamed on digital platforms. Understanding how performance royalties



work, who collects them, and how they are distributed is essential for songwriters and composers.

2.2.2. Understanding Performance Royalties

Performance royalties are generated whenever a song is played or performed in public. Public performance encompasses a broad range of scenarios, including:

- **Radio Airplay:** When a song is broadcast on terrestrial or digital radio stations.
- **Live Performances:** When a song is played live in venues such as concert halls, clubs, and stadiums.
- **TV and Film:** When a song is synchronized with visual media, such as in movies, TV shows, commercials, and video games.
- **Streaming Services:** When a song is streamed on digital platforms like Spotify, Apple Music, or YouTube.

Performance royalties are collected by performing rights organizations (PROs) like ASCAP and BMI in the United States. These organizations act as intermediaries between songwriters, composers, music publishers, and the entities that use music in public performances. PROs ensure that copyright holders receive fair compensation for the use of their songs.

2.2.3. Breakdown of Performance Royalty Collection

Performance royalties can be collected based on the medium of transmission or performance. Here's a breakdown of who collects performance royalties in various scenarios:

Radio Airplay

- **Terrestrial Radio:** When a song is played on traditional radio stations (AM/FM), ASCAP, BMI, and SESAC collect performance royalties for songwriters and publishers. These PROs have licensing agreements in place with most radio stations.
- **Digital Radio:** For internet radio and satellite radio services like SiriusXM, ASCAP, BMI, and SESAC also collect performance royalties. These services usually negotiate blanket licenses with the PROs to cover a wide range of music.

Live Performances

- **Concerts and Live Shows:** When songs are performed live in venues, including concerts, clubs, and theaters, the responsibility for obtaining licenses and paying performance royalties typically falls on the venue or promoter. They obtain licenses from PROs to cover the performances of all the songs in their repertoire.

TV and Film



- **Synchronization Licenses:** Synchronization (sync) royalties come from licensing your song for use in visual media, like films, TV shows, commercials, or video games. This is often a lucrative source of income for songwriters. In the case of songs used in TV shows, films, commercials, or video games, performance royalties are collected by the PROs for the public performance of the musical work. Additionally, sync fees (a one-time upfront payment) may be negotiated between the copyright holders and the production companies for the use of the song in the visual media.

Streaming Services

- **Digital Streaming Platforms:** Digital streaming services like Spotify, Apple Music, and Pandora obtain licenses to publicly perform songs in their catalogs. They pay performance royalties to PROs based on streaming data and usage. PROs then distribute these royalties to songwriters, composers, and publishers based on the songs' performances.

Understanding this breakdown of who collects performance royalties based on the medium of transmission is crucial because it helps songwriters and composers navigate the complex world of music licensing and ensure they receive fair compensation for their creative work. Joining a PRO and registering your songs with them is a fundamental step in securing your performance royalties. These organizations work diligently to track and collect royalties on your behalf and ensure you get paid for the public use of your music.

2.3. Print Royalties

Print royalties are earned when sheet music or lyrics of your song are published and sold. These are less common today but can still contribute to your overall income.

3. Songwriter's Share vs. Publisher's Share: Exploring Publishing Options

In the music industry, songwriters have various publishing options when it comes to managing their compositions and earning royalties. Understanding these options is crucial for songwriters and composers as they navigate the complex landscape of music publishing. The primary publishing arrangements include full publishing, co-publishing, and administration publishing.

3.1. Full Publishing

Full publishing, also known as an exclusive publishing agreement, involves granting all publishing rights for a song to a music publishing company. Under this arrangement, the



publisher assumes responsibility for promoting, licensing, and administering the song on behalf of the songwriter. Here's a closer look at full publishing:

- **Rights Transfer:** In a full publishing deal, the songwriter transfers 100% of their publishing rights to the publisher. This includes both the songwriter's share and the publisher's share of royalties.
- **Responsibilities:** The music publisher takes on various responsibilities, including securing licenses for the song's use, collecting royalties, and actively seeking opportunities for the song's placement in films, TV shows, commercials, and other media.
- **Advantages:** Full publishing can be advantageous for songwriters who lack the resources or industry connections to effectively promote their music. Publishers often have a network of contacts and the expertise needed to maximize a song's earning potential.
- **Revenue Split:** In exchange for their services, the publisher typically receives a percentage of the song's total earnings, which is usually the publisher's share. The remaining portion, the songwriter's share, goes to the songwriter. This split varies and is negotiated in the publishing agreement.

3.1.1. Why Choose Full Publishing?

- **For Beginners:** Artists new to the music industry may opt for full publishing because it provides comprehensive support. Inexperienced songwriters can benefit from a publisher's expertise in licensing and promotion.
- **Resources and Networking:** Full publishing deals offer access to the publisher's resources, industry contacts, and promotional efforts. This can be valuable for emerging artists seeking to expand their reach.

3.1.2. Are Full Publishing Deals Still Used Today?

Yes, full publishing deals are still common today, especially for emerging artists and those looking for extensive support from music publishers.

3.1.3. Benefits of Full Publishing:

- **Professional Support:** Publishers handle all administrative aspects, allowing songwriters to focus solely on music creation.
- **Industry Expertise:** Publishers have industry insights and can negotiate favorable licensing deals on behalf of songwriters.
- **Networking:** Access to the publisher's network of music industry professionals can lead to valuable opportunities.

3.2 Co-Publishing



Co-publishing represents a partnership between a songwriter and a music publisher. It involves sharing the publishing rights and responsibilities for a song. Co-publishing agreements are common in the music industry, particularly for established songwriters. Here's an overview of co-publishing:

- **Rights Division:** In a co-publishing deal, the songwriter retains a portion of the publishing rights (usually the songwriter's share), while the publisher acquires the remaining portion (the publisher's share).
- **Responsibilities:** Both the songwriter and the publisher share responsibilities for licensing, promoting, and administering the song. This can be a collaborative effort, with each party contributing to the song's success.
- **Advantages:** Co-publishing allows songwriters to maintain some control over their music while benefiting from the publisher's expertise. It's a partnership that can be mutually beneficial, especially for songwriters with a proven track record.
- **Revenue Split:** The revenue split in co-publishing agreements often follows a standard pattern: 50% of the publisher's share goes to the publisher, and 50% of the publisher's share goes to the songwriter. The songwriter retains 100% of their songwriter's share.

3.2.1. Why Choose Co-Publishing?

- **Control and Collaboration:** Songwriters who want to maintain some control while benefiting from a publisher's resources may opt for co-publishing. It allows for collaboration in promoting and licensing songs.
- **Established Songwriters:** Co-publishing is often preferred by established songwriters who have a track record and wish to retain some ownership.

3.2.2. Are Co-Publishing Deals Still Used Today?

Yes, co-publishing agreements are prevalent today, especially for songwriters with experience and negotiating power.

3.2.3. Benefits of Co-Publishing:

- **Shared Responsibility:** Songwriters and publishers share licensing, promotion, and administration tasks.
- **Fair Revenue Split:** The revenue split is usually 50/50, ensuring a balanced partnership.
- **Creative Control:** Songwriters maintain creative control and ownership.

In co-publishing agreements, the songwriter and the publisher share the publisher's share, typically in a 50/50 split. This arrangement can vary depending on the terms negotiated between the songwriter and the publisher.



3.3 Administration Publishing

Administration publishing is a more limited arrangement where the songwriter retains the full ownership of their compositions but partners with a music publisher for specific services related to licensing, collection, and administration. Here's what you need to know about administration publishing:

- **Rights Ownership:** The songwriter maintains full ownership of both the songwriter's share and the publisher's share of the royalties. The publisher's role is limited to administrative tasks.
- **Responsibilities:** The publisher's primary responsibility is to handle the paperwork, licensing, and royalty collection processes on behalf of the songwriter. This allows the songwriter to focus solely on the creative aspects of their music career.
- **Advantages:** Administration publishing can be a suitable option for independent songwriters who want to maintain creative control and ownership of their music while benefiting from professional assistance in managing royalties and licensing.
- **Revenue Split:** In administration publishing, the revenue split is straightforward. The songwriter retains 100% of both the songwriter's share and the publisher's share. The publisher charges a fee or commission for their administrative services, which is typically a percentage of the collected royalties.

3.3.1. Why Choose Administration Publishing?

- **Independent Artists:** Independent songwriters who value creative control but need assistance with licensing and royalty collection may opt for administration publishing.
- **Ownership:** Songwriters who want to retain full ownership of their music but need administrative support.

3.3.3 Are Administration Publishing Deals Still Used Today?

Yes, administration publishing remains relevant, particularly among independent artists seeking flexibility.

3.3.4. Benefits of Administration Publishing:

- **Ownership Retained:** Songwriters keep 100% ownership of their music and both shares of royalties.
- **Administrative Support:** Publishers handle administrative tasks, ensuring royalties are collected efficiently.
- **Creative Independence:** Songwriters maintain creative control over their work.



3.4 360 Agreements

A 360 agreement, also known as a 360 deal or 360-degree deal, is a comprehensive and often multi-faceted contract between an artist and a music company, typically a record label or management company. Unlike traditional recording contracts that focus solely on the artist's music recordings, a 360 agreement covers various aspects of the artist's career, including music sales, live performances, merchandise, endorsements, and more. Here's a breakdown of the obligations, advantages, and revenue splits associated with 360 deals:

3.4.1. Obligations in a 360 Agreement:

1. **Music Recordings:** The artist agrees to record and release music through the label or company, as in a standard recording contract.
2. **Live Performances:** The artist commits to touring and performing live, with the label or company often receiving a percentage of the income generated from ticket sales, merchandise, and concert-related revenue.
3. **Merchandising:** 360 deals typically include merchandising rights, meaning the label or company has a stake in the artist's merchandise sales, which can include clothing, accessories, and other branded products.
4. **Endorsements and Sponsorships:** The label may have a say in the artist's endorsement deals, with a portion of the income from such agreements going to the label or company.
5. **Publishing:** While not always part of a 360 agreement, some deals include a publishing component where the label or company shares in the revenue generated from the artist's songwriting and publishing rights.
6. **Tour Support:** Labels may provide financial support for tours, marketing, and promotional activities.

3.4.2. Advantages to Artists in a 360 Agreement:

1. **Financial Backing:** Labels or management companies may provide financial support, which can be especially valuable for emerging artists who need resources for recording, touring, and promotion.
2. **Marketing and Promotion:** Labels have established marketing and promotional resources, which can increase an artist's exposure and potential for success.
3. **Diverse Income Streams:** Artists can benefit from revenue streams beyond music sales, such as live performances, merchandise, and endorsements.
4. **Industry Expertise:** Labels bring industry expertise and connections that can help artists navigate the complex music landscape.

3.4.3. Revenue Splits in a 360 Agreement:

Revenue splits in 360 agreements can vary widely and are typically negotiated between the artist and the label or management company. However, some common splits include:



1. **Music Sales:** The label typically receives a percentage of the artist's music sales, although this percentage can vary. It's essential for artists to negotiate favorable terms.
2. **Live Performances:** Labels often take a portion of the income generated from live performances, such as ticket sales, merchandise, and concert-related revenue. The split may depend on the level of support provided by the label.
3. **Merchandising:** The label may receive a share of the artist's merchandise sales, which can range from a small percentage to a more significant cut, depending on the deal.
4. **Endorsements and Sponsorships:** In deals involving endorsements and sponsorships, the label may receive a portion of the income earned from these agreements, although specific terms can vary widely.
5. **Publishing:** If the 360 agreement includes a publishing component, the label or company may share in the revenue generated from the artist's songwriting and publishing rights.

3.4.4. Why Choose 360 Agreements?

- **Comprehensive Support:** Artists seeking all-encompassing support, covering publishing, touring, merchandising, and more, may opt for 360 agreements.
- **Emerging Artists:** Emerging artists seeking guidance and resources across various career aspects.

3.4.5. Are 360 Agreements Still Used Today?

360 agreements are less common but still exist, especially among major labels and management companies.

3.4.6. Benefits of 360 Agreements:

- **Comprehensive Services:** Artists receive support in publishing and other career facets.
- **Financial Backing:** Access to resources and funding for tours, marketing, and merchandise.
- **Expertise:** Guidance from industry experts for a well-rounded music career.

Understanding these publishing options empowers songwriters to make informed decisions aligned with their career goals. Whether opting for full publishing, co-publishing, administration publishing, or 360 agreements, each choice comes with its own set of advantages and considerations. Careful review, negotiation, and, if necessary, legal counsel are essential to secure a fair and mutually beneficial publishing arrangement that caters to individual needs and aspirations.



It's crucial for artists considering a 360 agreement to carefully review and negotiate the terms to ensure they align with their career goals and financial expectations. While these deals can provide valuable support and resources, they can also involve significant financial commitments to the label or management company. Therefore, artists should seek legal counsel to navigate the complexities of a 360 agreement and secure terms that are fair and mutually beneficial.

Choosing the right publishing option depends on the songwriter's goals, level of expertise, and resources. It's important for songwriters to carefully review publishing agreements, negotiate terms that align with their interests, and seek legal counsel if needed to ensure a fair and mutually beneficial arrangement. Whether you opt for full publishing, co-publishing, or administration publishing, understanding your rights and responsibilities as a songwriter is essential for building a successful music career.

3.5. Songwriter's Share

The songwriter's share is the portion of royalties that goes directly to the person(s) who wrote the song's music and lyrics. If you're a songwriter who doesn't have a publishing deal, you receive 100% of the songwriter's share.

3.6. Publisher's Share

The publisher's share is the portion of royalties that goes to the entity responsible for managing and promoting the song. If you're an independent songwriter without a publisher, you're entitled to both the songwriter's and publisher's share. However, if you have a publishing deal, your publisher will receive a percentage of the publisher's share in exchange for their services.

4. ASCAP (American Society of Composers, Authors, and Publishers)

4.1. ASCAP Overview

ASCAP is one of the leading performing rights organizations in the United States. It represents songwriters, composers, and music publishers, ensuring that they receive fair compensation for public performances of their music.

4.2. ASCAP Membership and Registration

To receive ASCAP royalties, you must become a member and register your songs with ASCAP. Membership is open to songwriters, composers, and music publishers.

4.3. ASCAP Royalty Distribution



ASCAP collects performance royalties from various sources, including radio, TV, live performances, and digital streaming. They use complex formulas to distribute these royalties to their members based on the frequency and prominence of their songs' performances.

4.4. ASCAP Payment Schedule and How Artists Get Paid

ASCAP (American Society of Composers, Authors, and Publishers) plays a crucial role in collecting and distributing performance royalties to songwriters, composers, and music publishers in the United States. Understanding ASCAP's payment schedule and how artists get paid is vital for music creators to receive their rightful earnings.

4.4.1. ASCAP's Payment Schedule

ASCAP operates on a structured payment schedule, with four quarterly distribution periods throughout the year. These distribution periods are as follows:

1. **January to March (Q1):** ASCAP's first distribution period covers performances and royalties earned during the first three months of the year, January through March.
2. **April to June (Q2):** The second distribution period includes performances and royalties generated from April to June.
3. **July to September (Q3):** The third quarter encompasses performances and earnings from July to September.
4. **October to December (Q4):** The final quarter of the year, spanning October through December, comprises the fourth distribution period.

4.4.2. How Artists Get Paid by ASCAP

ASCAP employs a systematic process to collect and distribute performance royalties to its members. Here's how artists get paid through ASCAP:

1. **Performance Tracking:** ASCAP closely monitors and tracks performances of songs in various venues and media, including radio, TV, live concerts, streaming platforms, and more.
2. **Data Collection:** ASCAP receives performance data from a vast network of licensed establishments, broadcasters, and digital service providers. This data includes information about when and where songs were performed.
3. **Royalty Calculation:** ASCAP calculates royalties based on the collected performance data. The formulas for royalty calculations are complex and take into account factors like the type of performance, venue capacity, and audience size.
4. **Distribution of Royalties:** Once royalties are calculated for each member's works, ASCAP divides the total pool of royalties for a distribution period among its members based on the performances of their respective songs. This process



involves assigning a portion of the royalties to each individual composition and its corresponding songwriter(s) and publisher(s).

5. **Payment:** ASCAP issues payments to its members regularly, with each quarterly distribution corresponding to the respective collection period. Members typically receive their royalties within several weeks after the end of each quarter.
6. **Payment Methods:** ASCAP offers various payment methods, including direct deposit, paper checks, and international wire transfers. Members can choose their preferred payment method through ASCAP's online portal.
7. **Statements and Reporting:** ASCAP provides detailed statements and reporting to its members, allowing them to review the performances, calculations, and payments for their works. This transparency helps artists keep track of their earnings and performances.

4.4.3. Additional Considerations

- **International Royalties:** ASCAP also collects royalties for international performances of its members' works through reciprocal agreements with foreign PROs. These international royalties are distributed to members separately from domestic royalties.
- **Affiliation and Registration:** To receive royalties from ASCAP, songwriters, composers, and music publishers must affiliate with ASCAP and register their works with the organization. This involves providing information about each composition and its ownership.
- **Advocacy and Education:** ASCAP engages in advocacy efforts to protect the rights and interests of its members and offers educational resources to help artists navigate the music industry and maximize their earnings.

It's essential for artists to actively manage their ASCAP membership, ensuring accurate song registration and up-to-date contact and payment information. By doing so, they can ensure a smooth and reliable flow of performance royalties in accordance with ASCAP's payment schedule.

5. BMI (Broadcast Music, Inc.)

5.1. BMI Overview

BMI is another major performing rights organization in the United States, representing songwriters, composers, and music publishers. BMI focuses on collecting performance royalties for its members.

5.2. BMI Membership and Registration

Joining BMI as a songwriter or composer is free, but you must register your songs with BMI to start collecting royalties.



5.3. BMI Royalty Distribution

BMI uses a similar process to ASCAP for collecting and distributing performance royalties. They monitor performances across various media and distribute royalties to their members accordingly.

5.4. BMI Payment Schedule

BMI pays royalties to its members quarterly, with payments typically made within six months of the close of each calendar quarter. Members can choose to receive payments via direct deposit or check.

5.4.1. BMI Payment Schedule and How Artists Get Paid

BMI (Broadcast Music, Inc.) is one of the United States' major performing rights organizations (PROs), responsible for collecting and distributing performance royalties to songwriters, composers, and music publishers. Understanding BMI's payment schedule and how artists get paid is crucial for music creators to receive their rightful earnings.

5.4.2. BMI's Payment Schedule

BMI follows a structured payment schedule, with four quarterly distribution periods throughout the year. These distribution periods are as follows:

1. **January to March (Q1):** BMI's first distribution period covers performances and royalties earned during the first three months of the year, from January through March.
2. **April to June (Q2):** The second distribution period includes performances and royalties generated from April to June.
3. **July to September (Q3):** The third quarter encompasses performances and earnings from July to September.
4. **October to December (Q4):** The final quarter of the year, spanning October through December, comprises the fourth distribution period.

5.4.3. How Artists Get Paid by BMI

BMI employs a systematic process to collect and distribute performance royalties to its members. Here's how artists get paid through BMI:

1. **Performance Tracking:** BMI closely monitors and tracks performances of songs in various venues and media, including radio, TV, live concerts, streaming platforms, and more.
2. **Data Collection:** BMI receives performance data from a vast network of licensed establishments, broadcasters, and digital service providers. This data includes information about when and where songs were performed.



3. **Royalty Calculation:** BMI calculates royalties based on the collected performance data. The formulas for royalty calculations are complex and take into account factors like the type of performance, venue capacity, and audience size.
4. **Distribution of Royalties:** Once royalties are calculated for each member's works, BMI divides the total pool of royalties for a distribution period among its members based on the performances of their respective songs. This process involves assigning a portion of the royalties to each individual composition and its corresponding songwriter(s) and publisher(s).
5. **Payment:** BMI issues payments to its members regularly, with each quarterly distribution corresponding to the respective collection period. Members typically receive their royalties within several weeks after the end of each quarter.
6. **Payment Methods:** BMI offers various payment methods, including direct deposit, paper checks, and international wire transfers. Members can choose their preferred payment method through BMI's online portal.
7. **Statements and Reporting:** BMI provides detailed statements and reporting to its members, allowing them to review the performances, calculations, and payments for their works. This transparency helps artists keep track of their earnings and performances.

5.5. Additional Considerations

- **International Royalties:** BMI also collects royalties for international performances of its members' works through reciprocal agreements with foreign PROs. These international royalties are distributed to members separately from domestic royalties.
- **Affiliation and Registration:** To receive royalties from BMI, songwriters, composers, and music publishers must affiliate with BMI and register their works with the organization. This involves providing information about each composition and its ownership.
- **Advocacy and Education:** BMI engages in advocacy efforts to protect the rights and interests of its members and offers educational resources to help artists navigate the music industry and maximize their earnings.

It's crucial for artists to actively manage their BMI membership, ensuring accurate song registration and up-to-date contact and payment information. By doing so, they can ensure a smooth and reliable flow of performance royalties in accordance with BMI's payment schedule.

6. The Mechanical Licensing Collective (MLC): Empowering Songwriters and Publishers

The Mechanical Licensing Collective (MLC) is a vital organization within the music industry, created to streamline the administration of mechanical royalties and ensure that songwriters, composers, and music publishers receive fair compensation for the use of their music. This section provides a



comprehensive look into the MLC, including its origins, purpose, benefits for artists, and how it pays its members.

6.1. The Creation of the MLC

The MLC was established as part of the Music Modernization Act (MMA), a groundbreaking piece of legislation signed into law in the United States in October 2018. The MMA aimed to address longstanding issues related to mechanical licensing and royalty payments in the digital age. One of its primary objectives was to improve the accuracy, efficiency, and transparency of mechanical royalty distribution.

To achieve this goal, the MMA mandated the creation of the MLC, a non-profit organization responsible for administering mechanical licenses for digital music services and collecting and distributing mechanical royalties to songwriters, composers, and publishers. The MLC's formation was a collaborative effort involving music industry stakeholders, lawmakers, and organizations representing the interests of music creators.

6.2. The MLC's Mission and Benefits for Artists

The MLC was established with several key missions and benefits in mind:

- a. Efficiency and Accuracy:** The MLC's core mission is to ensure that mechanical royalties are accurately calculated and efficiently distributed to copyright holders. By centralizing the licensing and royalty collection process, the MLC aims to reduce discrepancies and errors in payments.
- b. Increased Revenue:** The MLC actively pursues unclaimed and unmatched royalties, maximizing the revenue earned by songwriters, composers, and publishers. This effort includes identifying and locating copyright holders entitled to unpaid royalties.
- c. Transparency:** The MLC strives to provide transparency in royalty administration. Through its online portal, members can access detailed information about their earnings, allowing for greater financial transparency and accountability.
- d. Advocacy and Education:** The MLC is committed to advocating for the rights of music creators and providing educational resources to help them navigate the complex world of music royalties.

6.3. How the MLC Pays Its Members

The MLC uses a systematic approach to collect, allocate, and distribute mechanical royalties to its members:

- a. Licensing and Royalty Collection:** The MLC enters into licensing agreements with digital music services, ensuring that they obtain the necessary mechanical licenses to use copyrighted music. These services report usage data and pay royalties to the MLC.
- b. Data Matching:** The MLC employs advanced data matching technology to match reported usage data with the songs in its database. This process helps identify copyright holders entitled to royalties.



c. Royalty Pool: The total royalties collected form a "royalty pool." The MLC deducts a small administrative fee and allocates the remaining pool to its members based on the usage of their works.

d. Distribution: The MLC distributes royalties on a regular schedule, typically quarterly, to its members. Payments are made through various methods, including direct deposit and paper checks.

e. Unclaimed Royalties: The MLC actively seeks to locate and distribute unclaimed royalties, ensuring that copyright holders receive their rightful earnings.

By centralizing the licensing and royalty collection process, the MLC aims to create a fair and efficient system that benefits all stakeholders in the music industry, with a particular focus on ensuring that songwriters, composers, and publishers receive accurate and timely payments for the use of their music. Through its efforts, the MLC plays a critical role in advancing the rights and financial well-being of music creators in the digital age.

7. Common Questions About Songwriting Royalties

7.1. How Are Royalties Calculated?

Royalties are calculated based on various factors, including the type of royalty, the frequency of performances or usage, and the terms of any publishing or co-publishing agreements. Performance royalties are often distributed on a pro-rata basis, meaning the more your songs are played, the more you earn.

7.2. How to Maximize Royalty Income

To maximize your royalty income, it's essential to register your songs with PROs, promote your music, and explore opportunities for sync licensing. Additionally, maintaining accurate records of your songwriting and publishing splits is crucial for fair royalty distribution.

7.3. International Royalties

ASCAP and BMI also collect international royalties for their members through reciprocal agreements with foreign PROs. This means you can earn royalties from performances of your songs outside the United States.

7.4. Tax Considerations

Songwriting royalties are considered income, so it's important to keep records, report your earnings, and understand any tax implications associated with your royalty income. Consult with a tax professional for guidance.

8. Conclusion

Songwriting royalties are a vital source of income for songwriters and composers. Understanding how these royalties work, the distinction between the songwriter's share and publisher's share, and the policies of organizations like ASCAP and BMI is essential for maximizing your earnings and ensuring you receive fair compensation for your creative work. Joining a PRO, registering your songs, and actively managing your music catalog are crucial steps on the journey to a successful songwriting career.

