

# HOW SONGWRITERS GET PAID

I get asked this question all the time by Songwriters that come to our studio to record.

I'm a **BMI Songwriter** and **Publisher**, below will explain how we get paid in simple terms.

It's important to note that the specific payment structure can vary, and the distribution of royalties often involves a complex system of calculations and agreements.

Understanding the business side of songwriting, including **copyright ownership** and **royalty collection**, is crucial for songwriters to maximize their income.

Additionally, joining a **(PRO) Performance Rights Organization** is a customary practice to ensure proper collection and distribution of royalties.

[www.bmi.com](http://www.bmi.com)

[www.ascap.com](http://www.ascap.com)

[www.sesac.com](http://www.sesac.com)

## **Songwriters are paid via 3 royalty streams:**

- **Mechanical Royalty** – A songwriter receives a mechanical royalty from the sale of a song on an album or a legal digital download. This rate is set by a Copyright Royalty Board made up of 3 judges who meet every 5 years to set rates. The original mechanical royalty was established in 1909 and set at 2 cents. Today, the current rate is 9.1 cents (typically split with co-writers and publishers).
- **Performance Royalty** – A songwriter receives a performance royalty when their song is performed on terrestrial broadcast radio, in a live performance venue, or via online streaming services. In the United States, performance royalties are paid out through Performing Rights Organizations (ASCAP, BMI and SESAC) and are governed by consent decrees from WWII requiring the PROs to go to rate court to receive their rates from entities seeking to license the songs they represent.
- **Synch Fees** – A songwriter receives a synch fee when his/her song is licensed for use to synchronize with video (i.e., television, movie, YouTube video). This royalty is freely negotiated in the marketplace and is typically split 50% to the writers and 50% to the artist and record label.

Songwriter royalties are the only income stream in America dictated by the Federal Government! Songwriters cannot increase their mechanical and performance royalty income even if the cost of doing business increases.

A songwriter may go years without receiving royalties. If they have a hit song, the Federal Government says that the songwriter must receive royalties immediately after they are collected. This means a songwriter might receive most of their income from a song in one calendar year – making that income subject to a disproportionately high income-tax levy.

Other creators, such as book authors, can negotiate the terms of their payments over several years for tax purposes – but **NOT songwriters!** Songwriters were once allowed to average their incomes. This is no longer permitted.

**“Write, Write & Rewrite until its Right”**

Tony Ray Jones

Studio Owner-Producer-Musician-BMI-Songwriter

Backwoods Recording Studio

**“Dream- Create - Record”**

[www.backwoodsrecordingstudio.com](http://www.backwoodsrecordingstudio.com)

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