

The COMPETE Act Would Promote Fair Competition in Hollywood to Power Jobs, Protect Creators & Boost California's Economy

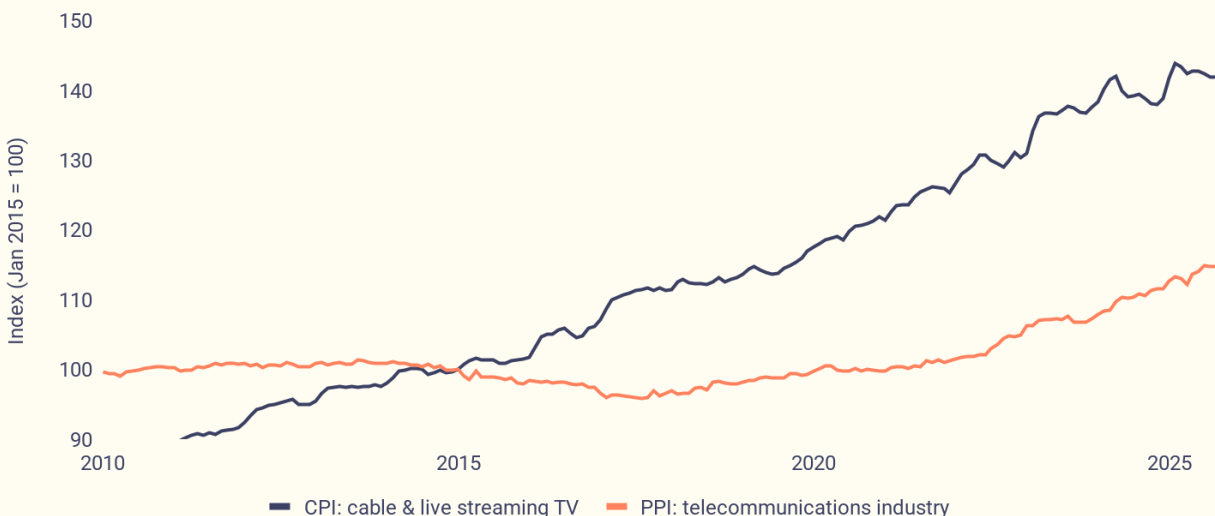
The COMPETE Act (AB 1776) would, for the first time, give California a clear statutory prohibition on abusive conduct by monopolies, bringing our state in line with the large majority of states and making it harder for dominant studios, streamers, and distributors to use exclusionary contracting, self-preferencing, or buyer power to lock out rivals and talent and increase prices.

Monopolization has diminished California's competitive entertainment industry edge and allowed dominant firms to jack up prices

In the 1980s, when [more than 50 companies](#) competed in film and television production, California's entertainment industry functioned as a broad-based economic engine. Competition among studios and distributors expanded opportunities for creative workers, supported independent and mid-sized businesses, and sustained investment across production and related industries statewide. **Today, a handful of media conglomerates** shape the media Californians consume and how much they pay. Four dominant streamers — Amazon, Netflix, Disney, and Max — [control 79% of the TV streaming market](#).

FIG. 1. STREAMING TV PRICES HAVE INCREASED SHARPLY WHILE TELECOMMUNICATIONS INDUSTRY PRICES HAVE REMAINED RELATIVELY FLAT

Indexed BLS CPI for cable, satellite, and live streaming television services and BLS PPI for the telecommunications industry (Jan 2015 = 100)



Without immediate legislation to rein in unchecked corporate concentration and stop anticompetitive conduct, troubling trends will continue:

- **Consumers will pay higher prices, exacerbating the already dire affordability crisis.** Without competitive pressure, dominant firms can raise prices as much as they want — even in the absence of changes in the cost of delivering the service. Since 2019, as competitive pressure has weakened and platforms consolidate content and distribution power, major streamers have [increased prices by up to 172%](#).
- **Independent creators won't be able to compete, reducing industry dynamism and innovation, and hampering California's ability to compete globally.** When one company controls multiple stages of the pipeline (vertical integration) — e.g., making content, distributing it, and deciding how audiences access it — it can push its own shows and shut out smaller creators, reducing competition and innovation.
- **Jobs will be fewer and farther between, and will pay less.** The research is clear: [antitrust enforcement increases employment and wages](#); labor markets with higher concentration are linked to [higher unemployment](#) and [lower wages](#).
- **Consumers will have less choice and less diverse content to choose from — essentially poorer products for a higher price.** Concentration of ownership among media companies [reduces the range of viewpoints and content diversity](#) available to the public, because fewer owners means fewer independent decisions about what gets made and promoted: “When a single company controls both distribution pipelines and the content itself, it can restrict competition not only in the marketplace, but in the [marketplace of ideas](#).”
- **People of color and new and smaller creators will be locked out.** Concentrated control shifts investment away from underrepresented creators, with dominant firms opting instead for content libraries that favor incumbents and proven franchises, crowding out investment in creators from underrepresented communities.

The COMPETE Act would restore fair competition by holding single dominant firms accountable for harmful conduct by:

1. **Closing the single-firm loophole** by making it clear that anticompetitive conduct by a monopoly is just as illegal as collusion by multiple companies.
2. **Holding gatekeepers accountable** by prohibiting a single firm from restraining trade, such as when a dominant platform blocks competitors from reaching customers, or uses its power in one market to squeeze out rivals in another.
3. **Protecting workers and suppliers** by explicitly covering monopsony — when a dominant buyer uses its market power to suppress wages or squeeze the businesses that sell to it. When a handful of companies control the market for buying creative work, they can drive down compensation even as their own profits grow.
4. **Giving California independence from weak federal precedents** by making clear that federal court decisions are not binding on California courts.
5. **Removing artificial evidentiary hurdles by clarifying for judges what is not required to prove an antitrust violation**, allowing courts to reach the merits of cases instead of relying on technical dismissals.