

117TH CONGRESS
1ST SESSION

S. 2434

To provide tax incentives that support local newspapers and other local media, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 22, 2021

Ms. CANTWELL (for herself, Mr. KELLY, and Mr. WYDEN) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To provide tax incentives that support local newspapers and other local media, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Local Journalism Sus-
5 tainability Act”.

6 **SEC. 2. CREDIT FOR LOCAL NEWSPAPER SUBSCRIPTIONS.**

7 (a) IN GENERAL.—Subpart A of part IV of sub-
8 chapter A of chapter 1 of the Internal Revenue Code of
9 1986 is amended by inserting after section 25D the fol-
10 lowing new section:

1 **“SEC. 25E. LOCAL NEWSPAPER SUBSCRIPTIONS.**

2 “(a) IN GENERAL.—In the case of an individual,
3 there shall be allowed as a credit against the tax imposed
4 by this chapter for the taxable year an amount equal to
5 the applicable percentage of amounts paid or incurred for
6 subscriptions to one or more local newspapers for the per-
7 sonal use of the taxpayer.

8 “(b) ANNUAL DOLLAR LIMITATION.—The credit al-
9 lowed under subsection (a) to any taxpayer for any taxable
10 year shall not exceed \$250.

11 “(c) APPLICABLE PERCENTAGE.—For purposes of
12 this section, the term ‘applicable percentage’ means—

13 “(1) in the case of the first taxable year to
14 which this section applies, 80 percent, and

15 “(2) in the case of any subsequent taxable year,
16 50 percent.

17 “(d) LOCAL NEWSPAPER.—For purposes of this sec-
18 tion—

19 “(1) IN GENERAL.—The term ‘local newspaper’
20 means any print or digital publication if—

21 “(A) the primary content of such publica-
22 tion is original content derived from primary
23 sources and relating to news and current
24 events,

25 “(B) such publication primarily serves the
26 needs of a regional or local community,

1 “(C) the publisher of such publication em-
 2 ploys at least one local news journalist who re-
 3 sides in such regional or local community, and

4 “(D) the publisher of such publication em-
 5 ploys not greater than 1,000 employees.

6 “(2) LOCAL NEWS JOURNALIST.—For purposes
 7 of paragraph (1)(C), the term ‘local news journalist’
 8 means any individual who regularly gathers, collects,
 9 photographs, records, writes, or reports news or in-
 10 formation that concerns local events or other mat-
 11 ters of local public interest.

12 “(3) AGGREGATION RULE.—

13 “(A) IN GENERAL.—For purposes of sub-
 14 paragraphs (C) and (D) of paragraph (1), all
 15 persons treated as a single employer under sub-
 16 section (a) or (b) of section 52, or subsection
 17 (m) or (o) of section 414, shall be treated as
 18 one person.

19 “(B) EXCEPTION.—Subparagraph (A)
 20 shall not apply unless such persons are involved
 21 in the production of the same print or digital
 22 publication.

23 “(4) CONTINUOUS QUALIFICATION.—The re-
 24 quirements of subparagraphs (A) and (B) of para-
 25 graph (1) shall not be treated as met unless such re-

1 requirements are met at all times during the period
2 beginning on the date which is 2 years before the
3 date of the enactment of this section and ending on
4 the date that the subscription described in sub-
5 section (a) is paid or incurred.

6 “(5) APPLICATION TO CERTAIN ORGANIZATIONS
7 EXEMPT FROM TAX.—In the case of any print or
8 digital publication which is published by any organi-
9 zation described in section 501(c) and exempt from
10 tax under section 501(a)—

11 “(A) such publication shall be treated as a
12 local newspaper only if the publication of print
13 and digital publications is the primary activity
14 of such organization, and

15 “(B) any person making a charitable con-
16 tribution (as defined in section 170(c)) to such
17 organization may elect to treat such contribu-
18 tion as an amount paid or incurred for a sub-
19 scription to which this section applies in lieu of
20 treating such contribution as a charitable con-
21 tribution for purposes of section 170.

22 “(e) TERMINATION.—No credit shall be allowed
23 under this section for any amount paid or incurred in a
24 taxable year ending after the close of 5-year period begin-
25 ning on the date of the enactment of this section.”.

1 (b) CLERICAL AMENDMENT.—The table of sections
 2 for subpart A of part IV of subchapter A of chapter 1
 3 of the Internal Revenue Code of 1986 is amended by in-
 4 serting after the item relating to section 25D the following
 5 new item:

“Sec. 25E. Local newspaper subscriptions.”.

6 (c) EFFECTIVE DATE.—The amendments made by
 7 this section shall apply to amounts paid or incurred in tax-
 8 able years beginning after the date of the enactment of
 9 this Act.

10 **SEC. 3. PAYROLL CREDIT FOR COMPENSATION OF LOCAL**
 11 **NEWS JOURNALISTS.**

12 (a) IN GENERAL.—Subchapter D of chapter 21 of the
 13 Internal Revenue Code of 1986 is amended by adding at
 14 the end the following new section:

15 **“SEC. 3135. LOCAL NEWS JOURNALIST COMPENSATION**
 16 **CREDIT.**

17 “(a) IN GENERAL.—In the case of an eligible local
 18 news journalist employer, there shall be allowed as a credit
 19 against the taxes imposed by section 3111(a) for each cal-
 20 endar quarter an amount equal to the applicable percent-
 21 age of wages paid by such employer to local news journal-
 22 ists for such calendar quarter.

23 “(b) LIMITATIONS AND REFUNDABILITY.—

24 “(1) WAGES TAKEN INTO ACCOUNT.—The
 25 amount of wages paid with respect to any individual

1 which may be taken into account under subsection
 2 (a) during any calendar quarter by the eligible local
 3 news journalist employer shall not exceed \$12,500.

4 “(2) CREDIT LIMITED TO EMPLOYMENT
 5 TAXES.—The credit allowed by subsection (a) with
 6 respect to any calendar quarter shall not exceed the
 7 applicable employment taxes (reduced by any credits
 8 allowed under subsections (e) and (f) of section
 9 3111, section 3131, 3132, and 3134) on the wages
 10 paid with respect to the employment of all the em-
 11 ployees of the eligible local news journalist employer
 12 for such calendar quarter.

13 “(3) REFUNDABILITY OF EXCESS CREDIT.—If
 14 the amount of the credit under subsection (a) ex-
 15 ceeds the limitation of paragraph (2) for any cal-
 16 endar quarter, such excess shall be treated as an
 17 overpayment that shall be refunded under sections
 18 6402(a) and 6413(b).

19 “(c) DEFINITIONS.—For purposes of this section—

20 “(1) APPLICABLE PERCENTAGE.—The term
 21 ‘applicable percentage’ means—

22 “(A) in the case of each of the first 4 cal-
 23 endar quarters to which this section applies, 50
 24 percent, and

1 “(B) in the case of each calendar quarter
2 thereafter, 30 percent.

3 “(2) ELIGIBLE LOCAL NEWS JOURNALIST EM-
4 PLOYER.—

5 “(A) IN GENERAL.—The term ‘eligible
6 local news journalist employer’ means, with re-
7 spect to any calendar quarter, any employer
8 which—

9 “(i) is—

10 “(I) an eligible local newspaper
11 publisher,

12 “(II) an eligible digital news or-
13 ganization,

14 “(III) a broadcast station, or

15 “(IV) a public broadcasting enti-
16 ty, and

17 “(ii) employs local news journalists.

18 “(B) ELIGIBLE LOCAL NEWSPAPER PUB-
19 LISHER.—The term ‘eligible local newspaper
20 publisher’ means, with respect to any calendar
21 quarter, any employer if substantially all of the
22 gross receipts of such employer for such cal-
23 endar quarter are derived in the trade or busi-
24 ness of publishing local newspapers (as defined
25 in section 25E(d)(1)).

1 “(C) ELIGIBLE DIGITAL NEWS ORGANIZA-
2 TION.—The term ‘eligible digital news organiza-
3 tion’ means a digital information content pro-
4 vider which is engaged in the creation of origi-
5 nal local or regional news and information.

6 “(D) BROADCAST STATION.—The term
7 ‘broadcast station’ has the meaning given such
8 term under section 3 of the Communications
9 Act of 1934 (47 U.S.C. 153).

10 “(E) PUBLIC BROADCASTING ENTITY.—
11 The term ‘public broadcasting entity’ has the
12 meaning given such term under section 397(11)
13 of the Communications Act of 1934 (47 U.S.C.
14 397(11)).

15 “(3) LOCAL NEWS JOURNALIST.—The term
16 ‘local news journalist’ means—

17 “(A) with respect to any eligible local
18 newspaper publisher for any calendar quarter,
19 any individual who provides at least 100 hours
20 of service during such quarter in the gathering,
21 collecting, photographing, recording, writing, or
22 reporting news or information that concerns
23 local events or other matters of local public in-
24 terest during such calendar quarter to such em-
25 ployer, and

1 “(B) with respect to any eligible digital
2 news organization, broadcast station, or public
3 broadcasting entity for any calendar quarter,
4 any individual who provides at least 100 hours
5 of service during such quarter in the original
6 reporting, gathering, collecting, writing, editing,
7 producing, verification, recording,
8 photographing, presentation, design, or tech-
9 nology support of news or information that con-
10 cerns regional or local events or other matters
11 of regional or local public interest.

12 “(4) OTHER TERMS.—Any term used in this
13 section which is also used in this chapter shall have
14 the same meaning as when used in such chapter.

15 “(d) AGGREGATION RULE.—

16 “(1) IN GENERAL.—All persons treated as a
17 single employer under subsection (a) or (b) of sec-
18 tion 52, or subsection (m) or (o) of section 414,
19 shall be treated as one employer for purposes of this
20 section.

21 “(2) EXCEPTION.—Paragraph (1) shall not
22 apply unless such persons are involved in the pro-
23 duction of the same print or digital publication.

1 “(e) CERTAIN RULES TO APPLY.—For purposes of
2 this section, rules similar to the rules of sections 51(i)(1)
3 and 280C(a) shall apply.

4 “(f) CERTAIN GOVERNMENTAL EMPLOYERS.—

5 “(1) IN GENERAL.—This credit shall not apply
6 to the Government of the United States, the govern-
7 ment of any State or political subdivision thereof, or
8 any agency or instrumentality of any of the fore-
9 going.

10 “(2) EXCEPTION.—Paragraph (1) shall not
11 apply to any public broadcasting entity (as defined
12 in section 397(11) of the Communications Act of
13 1934 (47 U.S.C. 397(11))).

14 “(g) ELECTION TO HAVE SECTION NOT APPLY.—
15 This section shall not apply with respect to any eligible
16 local news journalist employer for any calendar quarter
17 if such person elects (at such time and in such manner
18 as the Secretary may prescribe) not to have this section
19 apply.

20 “(h) SPECIAL RULES.—

21 “(1) EMPLOYEE NOT TAKEN INTO ACCOUNT
22 MORE THAN ONCE.—An employee shall not be in-
23 cluded for purposes of this section for any period
24 with respect to any employer if such employer is al-

1 lowed a credit under section 51 with respect to such
2 employee for such period.

3 “(2) DENIAL OF DOUBLE BENEFIT.—Any
4 wages taken into account in determining the credit
5 allowed under this section shall not be taken into ac-
6 count for purposes of determining the credit allowed
7 under section 45S.

8 “(3) THIRD-PARTY PAYORS.—Any credit al-
9 lowed under this section shall be treated as a credit
10 described in section 3511(d)(2) of such Code.

11 “(i) TREATMENT OF DEPOSITS.—The Secretary shall
12 waive any penalty under section 6656 for any failure to
13 make a deposit of any applicable employment taxes if the
14 Secretary determines that such failure was due to the rea-
15 sonable anticipation of the credit allowed under this sec-
16 tion.

17 “(j) EXTENSION OF LIMITATION ON ASSESSMENT.—
18 Notwithstanding section 6501, the limitation on the time
19 period for the assessment of any amount attributable to
20 a credit claimed under this section shall not expire before
21 the date that is 5 years after the later of—

22 “(1) the date on which the original return
23 which includes the calendar quarter with respect to
24 which such credit is determined is filed, or

1 “(2) the date on which such return is treated
2 as filed under section 6501(b)(2).

3 “(k) REGULATIONS AND GUIDANCE.—The Secretary
4 shall issue such forms, instructions, regulations, and guid-
5 ance as are necessary—

6 “(1) to allow the advance payment of the credit
7 under subsection (a), subject to the limitations pro-
8 vided in this section, based on such information as
9 the Secretary shall require,

10 “(2) to provide for the reconciliation of such
11 advance payment with the amount advanced at the
12 time of filing the return of tax for the applicable cal-
13 endar quarter or taxable year,

14 “(3) with respect to the application of the cred-
15 it under subsection (a) to third-party payors (includ-
16 ing professional employer organizations, certified
17 professional employer organizations, or agents under
18 section 3504), including regulations or guidance al-
19 lowing such payors to submit documentation nec-
20 essary to substantiate the eligible employer status of
21 employers that use such payors, and

22 “(4) to prevent the avoidance of the purposes of
23 the limitations under this section.

24 Any forms, instructions, regulations, or other guidance de-
25 scribed in paragraph (3) shall require the customer to be

1 responsible for the accounting of the credit and for any
 2 liability for improperly claimed credits and shall require
 3 the certified professional employer organization or other
 4 third-party payor to accurately report such tax credits
 5 based on the information provided by the customer.

6 “(l) APPLICATION.—This section shall only apply to
 7 wages paid in calendar quarters beginning after the date
 8 of the enactment of this section and beginning before the
 9 date that is 5 years after the first day of the first calendar
 10 quarter to which this section applies.”.

11 (b) REFUNDS.—Paragraph (2) of section 1324(b) of
 12 title 31, United States Code, is amended by inserting
 13 “3135,” after “3134,”.

14 (c) CLERICAL AMENDMENT.—The table of sections
 15 for subchapter D of chapter 21 of the Internal Revenue
 16 Code of 1986 is amended by adding at the end the fol-
 17 lowing:

“Sec. 3135. Local news journalist compensation credit.”.

18 (d) EFFECTIVE DATE.—The amendments made by
 19 this section shall apply to calendar quarters beginning
 20 after the date of the enactment of this Act.

21 **SEC. 4. CREDIT FOR ADVERTISING IN LOCAL NEWSPAPERS**
 22 **AND LOCAL MEDIA.**

23 (a) IN GENERAL.—Subpart D of part IV of sub-
 24 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 is amended by adding at the end the following new
2 section:

3 **“SEC. 45U. ADVERTISING IN LOCAL NEWSPAPERS AND**
4 **LOCAL MEDIA.**

5 “(a) IN GENERAL.—For purposes of section 38, in
6 the case of any eligible small business, the local media ad-
7 vertising credit determined under this section for any tax-
8 able year is an amount equal to the applicable percentage
9 of the qualified local media advertising expenses paid or
10 incurred by the taxpayer during such taxable year.

11 “(b) LIMITATION.—The credit allowed under sub-
12 section (a) to any taxpayer for any taxable year shall not
13 exceed—

14 “(1) in the case of the first taxable year to
15 which this section applies, \$5,000, and

16 “(2) in the case of any subsequent taxable year,
17 \$2,500.

18 “(c) APPLICABLE PERCENTAGE.—For purposes of
19 this section, the term ‘applicable percentage’ means—

20 “(1) in the case of the first taxable year to
21 which this section applies, 80 percent, and

22 “(2) in the case of any subsequent taxable year,
23 50 percent.

24 “(d) ELIGIBLE SMALL BUSINESS.—For purposes of
25 this section, the term ‘eligible small business’ means any

1 person for any taxable year if the average number of full-
2 time employees (as determined for purposes of deter-
3 mining whether an employer is an applicable large em-
4 ployer for purposes of section 4980H(c)(2) of the Internal
5 Revenue Code of 1986) employed by such person during
6 such taxable year was less than 50.

7 “(e) QUALIFIED LOCAL MEDIA ADVERTISING EX-
8 PENSES.—For purposes of this section—

9 “(1) IN GENERAL.—The term ‘qualified local
10 media advertising expenses’ means amounts paid or
11 incurred in the ordinary course of a trade or busi-
12 ness for advertising—

13 “(A) in a local newspaper (as defined in
14 section 25E(d)), or

15 “(B) through a broadcast of, or in the dig-
16 ital content or digital publications of, a local
17 radio or television station.

18 “(2) LOCAL RADIO OR TELEVISION STATION.—

19 The term ‘local radio or television station’ means
20 any broadcast radio or television station licensed by
21 the Federal Communications Commission to serve a
22 local community.

23 “(f) SPECIAL RULES.—

24 “(1) DENIAL OF DOUBLE BENEFIT.—No deduc-
25 tion shall be allowed for any qualified local media

1 advertising expenses otherwise allowable as a deduc-
2 tion for the taxable year which is equal to the
3 amount of the credit determined for such taxable
4 year under subsection (a).

5 “(2) AGGREGATION RULE.—All persons treated
6 as a single employer under subsection (a) or (b) of
7 section 52 of the Internal Revenue Code of 1986, or
8 subsection (m) or (o) of section 414 of such Code,
9 shall be treated as one employer for purposes of this
10 section.

11 “(g) TERMINATION.—No credit shall be allowed
12 under this section for any amount paid or incurred in a
13 taxable year ending after the close of 5-year period begin-
14 ning on the date of the enactment of this section.”.

15 (b) CREDIT ALLOWED AS PART OF GENERAL BUSI-
16 NESS CREDIT.—Section 38(b) of the Internal Revenue
17 Code of 1986 is amended by striking “plus” at the end
18 of paragraph (32), by striking the period at the end of
19 paragraph (33) and inserting “, plus”, and by adding at
20 the end the following new paragraph:

21 “(34) in the case of an eligible small business,
22 the local media advertising credit determined under
23 section 45U(a).”.

24 (c) CLERICAL AMENDMENT.—The table of sections
25 for subpart D of part IV of subchapter A of chapter 1

1 of such Code is amended by adding at the end the fol-
2 lowing new item:

“Sec. 45U. Advertising in local newspapers and local media.”.

3 (d) **EFFECTIVE DATE.**—The amendments made by
4 this section shall apply to amounts paid or incurred in tax-
5 able years beginning after the date of the enactment of
6 this Act.

○