



National Newspaper Association
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The Local Journalism Sustainability Act, HR 7640

Background:

Local newspaper journalism has been hammered by economic forces. Because 85-90 percent of a newspaper's costs are supported by print advertising, the funds available to support local newspaper journalism are shrinking. Losses have stemmed from: fewer locally-managed retailers, loss of auto dealer and bank advertisers, economic contraction during the Great Recession and, now, the pandemic.

After decades of belt tightening to survive, many publishers are simply closing down. The University of North Carolina School of Journalism and Media reported in 2018 that 1,800 local newspapers had closed in the previous decade. Anecdotal reports indicate most newspapers have lost 30-50% of revenue in 2020. Reports are common of publishing frequencies reducing from daily to weekly and of newsrooms being staffed by a sole reporter or only an exhausted mom-and-pop publishing team.

Many have searched for solutions in digital publishing. But since the modern Internet emerged as a publishing tool in 1994, digital revenues have amounted to a pittance for local publishers. All indications are that digital revenues will support only grand economies of scale, like the social media networks of Facebook and Amazon or national publications like New York Times or Wall Street Journal. The need to increase local support, then, has become increasingly acute if communities are going to continue to have local newspapers.

Legislation:

Reps Ann Kirkpatrick, D-AZ, and Dan Newhouse, R-WA, have introduced the Local Journalism Sustainability Act, HR 7640. The bill would set up tax credits to encourage local support:

- Subscribers would receive up to \$250 a year in tax credits to pay for their local newspaper subscriptions;
- Publishers would be aided in salary supports for journalists of 50% of salaries in the first year and 30% in subsequent years, up to \$12,500 per quarter;
- Advertisers would be reimbursed for local ads—80% of the cost in year 1 up to \$5,000 and 50 percent in subsequent years up to \$2,500.

A local newspaper would be a publication with primarily local news whose subscribers were primarily within the state of publication or within a 200-mile radius.

Congress should enact HR 7640

- The internet is full of content, but it is not full of news-gatherers. When online news is curated and replicated across media networks, the original compilers of the facts are almost always supported by a local news outlet.
Responsible journalism is critical in any democracy, but particularly in an era where manipulation of social media has led many to distrust the news entirely. When the news comes from reporters that local citizens know and trust, reliable news forms a basis for informed democracy. While most newspapers offer digital news, the content is supported by local print advertising and subscriptions.
- Newspapers cannot be replaced in many local communities. When the doors close, generally they will not reopen.

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