



(Original Signature of Member)

116TH CONGRESS
2D SESSION

H. R. _____

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

IN THE HOUSE OF REPRESENTATIVES

Mrs. KIRKPATRICK introduced the following bill; which was referred to the Committee on _____

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

1 1986 is amended by inserting after section 25D the fol-
2 lowing new section

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

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

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

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

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

17 “(2) in the case of any subsequent taxable year,
18 50 percent.

19 “(d) LOCAL NEWSPAPER.—For purposes of this sec-
20 tion—

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

23 “(A) the primary content of such publica-
24 tion is news and current events, and

1 “(B) at least 51 percent of the readers of
2 such publication (including both print and dig-
3 ital versions) reside in—

4 “(i) a single State or a single posses-
5 sion of the United States, or

6 “(ii) a single area with a 200-mile ra-
7 dius.

8 “(2) CONTINUOUS QUALIFICATION.—The re-
9 quirements of subparagraphs (A) and (B) of para-
10 graph (1) shall not be treated as met unless such re-
11 quirements are met at all times during the period
12 beginning on the date which is 2 years before the
13 date of the enactment of this section and ending on
14 the date that the subscription described in sub-
15 section (a) is paid or incurred.

16 “(3) APPLICATION TO CERTAIN ORGANIZATIONS
17 EXEMPT FROM TAX.—In the case of any print or
18 digital publication which is published by any organi-
19 zation described in section 501(c) and exempt from
20 tax under section 501(a)—

21 “(A) such publication shall be treated as a
22 local newspaper only if the publication of print
23 and digital publications is the primary activity
24 of such organization, and

1 “(B) any person making a charitable con-
2 tribution (as defined in section 170(c)) to such
3 organization may elect to treat such contribu-
4 tion as an amount paid or incurred for a sub-
5 scription to which this section applies in lieu of
6 treating such contribution as a charitable con-
7 tribution for purposes of section 170.

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

12 (b) CLERICAL AMENDMENT.—The table of sections
13 for subpart A of part IV of subchapter A of chapter 1
14 is amended by inserting after the item relating to section
15 25D the following new item:

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

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to amounts paid or incurred in tax-
18 able years ending after the date of the enactment of this
19 Act.

20 **SEC. 3. PAYROLL CREDIT FOR COMPENSATION OF JOUR-**
21 **NALISTS.**

22 (a) IN GENERAL.—In the case of an eligible news-
23 paper employer, there shall be allowed as a credit against
24 the taxes imposed by section 3111(a) of the Internal Rev-
25 enue Code of 1986 for each calendar quarter an amount

1 equal to the applicable percentage of the qualified jour-
2 nalism compensation paid to each individual for such cal-
3 endar quarter.

4 (b) LIMITATIONS AND REFUNDABILITY.—

5 (1) COMPENSATION TAKEN INTO ACCOUNT.—

6 The amount of qualified journalism compensation
7 paid with respect to any individual which may be
8 taken into account under subsection (a) during any
9 calendar quarter by the eligible newspaper employer
10 shall not exceed \$12,500.

11 (2) CREDIT LIMITED TO EMPLOYMENT

12 TAXES.—The credit allowed by subsection (a) with
13 respect to any calendar quarter shall not exceed the
14 applicable employment taxes (reduced by any credits
15 allowed under subsections (e) and (f) of section
16 3111 of the Internal Revenue Code of 1986, sections
17 7001 and 7003 of the Families First Coronavirus
18 Response Act, and section 2301 of the CARES Act)
19 on the wages paid with respect to the employment
20 of all the employees of the eligible newspaper em-
21 ployer for such calendar quarter.

22 (3) REFUNDABILITY OF EXCESS CREDIT.—

23 (A) IN GENERAL.—If the amount of the
24 credit under subsection (a) exceeds the limita-
25 tion of paragraph (2) for any calendar quarter,

1 such excess shall be treated as an overpayment
2 that shall be refunded under sections 6402(a)
3 and 6413(b) of the Internal Revenue Code of
4 1986.

5 (B) TREATMENT OF PAYMENTS.—For pur-
6 poses of section 1324 of title 31, United States
7 Code, any amounts due to the employer under
8 this paragraph shall be treated in the same
9 manner as a refund due from a credit provision
10 referred to in subsection (b)(2) of such section.

11 (c) DEFINITIONS.—For purposes of this section—

12 (1) APPLICABLE PERCENTAGE.—The term “ap-
13 plicable percentage” means—

14 (A) in the case of each of the first 4 cal-
15 endar quarters to which this section applies, 50
16 percent, and

17 (B) in the case of each calendar quarter
18 thereafter, 30 percent.

19 (2) ELIGIBLE NEWSPAPER EMPLOYER.—The
20 term “eligible newspaper employer” means, with re-
21 spect to any calendar quarter, any employer if sub-
22 stantially all of the gross receipts of such employer
23 for such calendar quarter are derived from the trade
24 or business of publishing print or digital publica-
25 tions—

1 (A) the primary content of which is news
2 and current events, and

3 (B) at least 51 percent of the readers of
4 which reside in—

5 (i) a single State or a single posses-
6 sion of the United States, or

7 (ii) a single area with a 200-mile ra-
8 dius.

9 (3) QUALIFIED JOURNALISM COMPENSATION.—

10 (A) IN GENERAL.—The term “qualified
11 journalism compensation” means—

12 (i) wages paid by an eligible news-
13 paper employer to an employee for service
14 as a journalist, and

15 (ii) in the case of remuneration paid
16 to an individual who is not an employee of
17 the employer, such remuneration as would
18 described in clause (i) if such individual
19 were such an employee.

20 (B) JOURNALIST.—The term “journalist”
21 means any individual who regularly gathers,
22 prepares, collects, photographs, records, writes,
23 edits, reports, or publishes news or information
24 that concerns local, national, or international

1 events or other matters of public interest for
2 dissemination to the public.

3 (4) SECRETARY.—The term “Secretary” means
4 the Secretary of the Treasury or the Secretary’s del-
5 egate.

6 (5) OTHER TERMS.—Any term used in this sec-
7 tion which is also used in chapter 21 of the Internal
8 Revenue Code of 1986 shall have the same meaning
9 as when used in such chapter.

10 (d) AGGREGATION RULE.—All persons treated as a
11 single employer under subsection (a) or (b) of section 52
12 of the Internal Revenue Code of 1986, or subsection (m)
13 or (o) of section 414 of such Code, shall be treated as
14 one employer for purposes of this section.

15 (e) CERTAIN RULES TO APPLY.—For purposes of
16 this section, rules similar to the rules of sections 51(i)(1)
17 and 280C(a) of the Internal Revenue Code of 1986 shall
18 apply.

19 (f) CERTAIN GOVERNMENTAL EMPLOYERS.—This
20 credit shall not apply to the Government of the United
21 States, the government of any State or political subdivi-
22 sion thereof, or any agency or instrumentality of any of
23 the foregoing.

24 (g) ELECTION NOT TO HAVE SECTION APPLY.—This
25 section shall not apply with respect to any eligible news-

1 paper employer for any calendar quarter if such employer
2 elects (at such time and in such manner as the Secretary
3 may prescribe) not to have this section apply.

4 (h) SPECIAL RULES.—

5 (1) EMPLOYEE NOT TAKEN INTO ACCOUNT
6 MORE THAN ONCE.—An employee shall not be in-
7 cluded for purposes of this section for any period
8 with respect to any employer if such employer is al-
9 lowed a credit under section 51 of the Internal Rev-
10 enue Code of 1986 with respect to such employee for
11 such period.

12 (2) DENIAL OF DOUBLE BENEFIT.—Any wages
13 taken into account in determining the credit allowed
14 under this section shall not be taken into account for
15 purposes of determining the credit allowed under
16 section 45S of such Code.

17 (3) THIRD PARTY PAYORS.—Any credit allowed
18 under this section shall be treated as a credit de-
19 scribed in section 3511(d)(2) of such Code.

20 (i) TRANSFERS TO FEDERAL OLD-AGE AND SUR-
21 VIVORS INSURANCE TRUST FUND.—There are hereby ap-
22 propriated to the Federal Old-Age and Survivors Insur-
23 ance Trust Fund and the Federal Disability Insurance
24 Trust Fund established under section 201 of the Social
25 Security Act (42 U.S.C. 401) amounts equal to the reduc-

1 tion in revenues to the Treasury by reason of this section
2 (without regard to this subsection). Amounts appropriated
3 by the preceding sentence shall be transferred from the
4 general fund at such times and in such manner as to rep-
5 licate to the extent possible the transfers which would have
6 occurred to such Trust Fund or Account had this section
7 not been enacted.

8 (j) TREATMENT OF DEPOSITS.—The Secretary shall
9 waive any penalty under section 6656 of the Internal Rev-
10 enue Code of 1986 for any failure to make a deposit of
11 any applicable employment taxes if the Secretary deter-
12 mines that such failure was due to the reasonable anticipa-
13 tion of the credit allowed under this section.

14 (k) REGULATIONS AND GUIDANCE.—The Secretary
15 shall issue such forms, instructions, regulations, and guid-
16 ance as are necessary—

17 (1) to allow the advance payment of the credit
18 under subsection (a), subject to the limitations pro-
19 vided in this section, based on such information as
20 the Secretary shall require,

21 (2) to provide for the reconciliation of such ad-
22 vance payment with the amount advanced at the
23 time of filing the return of tax for the applicable cal-
24 endar quarter or taxable year, and

1 (3) with respect to the application of the credit
2 under subsection (a) to third party payors (including
3 professional employer organizations, certified profes-
4 sional employer organizations, or agents under sec-
5 tion 3504 of the Internal Revenue Code of 1986),
6 including regulations or guidance allowing such
7 payors to submit documentation necessary to sub-
8 stantiate the eligible employer status of employers
9 that use such payors.

10 (l) APPLICATION.—This section shall only apply to
11 the first 20 calendar quarters beginning after the date of
12 the enactment of this Act.

13 **SECTION 4. CREDIT FOR ADVERTISING IN LOCAL NEWS-**
14 **PAPERS AND LOCAL MEDIA.**

15 (a) IN GENERAL.—Subpart D of part IV of sub-
16 chapter A of chapter 1 of the Internal Revenue Code of
17 1986 is amended by adding at the end the following new
18 section:

19 **“SEC. 45U. ADVERTISING IN LOCAL NEWSPAPERS AND**
20 **LOCAL MEDIA.**

21 “(a) IN GENERAL.—For purposes of section 38, in
22 the case of any eligible small business, the local media ad-
23 vertising credit determined under this section for any tax-
24 able year is an amount equal to the applicable percentage

1 of the qualified local media advertising expenses paid or
2 incurred by the taxpayer during such taxable year.

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

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

8 “(2) in the case of any subsequent taxable year,
9 \$2,500.

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

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

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

16 “(d) ELIGIBLE SMALL BUSINESS.—For purposes of
17 this section, the term ‘eligible small business’ means any
18 person for any taxable year if the average number of full-
19 time employees (as determined for purposes of deter-
20 mining whether an employer is an applicable large em-
21 ployer for purposes of section 4980H(c)(2) of the Internal
22 Revenue Code of 1986) employed by such person during
23 such taxable year was less than 1,000.

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

1 “(1) IN GENERAL.—The term ‘qualified local
2 media advertising expenses’ means amounts paid or
3 incurred in the ordinary course of a trade or busi-
4 ness for advertising in a local newspaper (as defined
5 in section 25E(d)) or a broadcast of a local radio or
6 television station.

7 “(2) LOCAL RADIO OR TELEVISION STATION.—
8 The term ‘local radio or television station’ means
9 any broadcast radio or television station licensed by
10 the Federal Communications Commission to serve a
11 local community.

12 “(f) SPECIAL RULES.—

13 “(1) DENIAL OF DOUBLE BENEFIT.—No deduc-
14 tion shall be allowed for any qualified local media
15 advertising expenses otherwise allowable as a deduc-
16 tion for the taxable year which is equal to the
17 amount of the credit determined for such taxable
18 year under subsection (a).

19 “(2) AGGREGATION RULE.—All persons treated
20 as a single employer under subsection (a) or (b) of
21 section 52 of the Internal Revenue Code of 1986, or
22 subsection (m) or (o) of section 414 of such Code,
23 shall be treated as one employer for purposes of this
24 section.

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

5 (b) CREDIT ALLOWED AS PART OF GENERAL BUSI-
6 NESS CREDIT.—Section 38(b), as amended by the pre-
7 ceding provisions of this Act, is further amended by strik-
8 ing “plus” at the end of paragraph (32), by striking the
9 period at the end of paragraph (33) and inserting “, plus”,
10 and by adding at the end the following new paragraph:

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

14 (c) CLERICAL AMENDMENT.—The table of sections
15 for subpart D of part IV of subchapter A of chapter 1
16 of such Code is amended by adding at the end the fol-
17 lowing new item:

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

18 (d) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to amounts paid or incurred in tax-
20 able years ending after the date of the enactment of this
21 Act.