


(Original Signature of Member)

117TH CONGRESS
1ST 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 original content derived from primary

1 sources and relating to news and current
2 events,

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

5 “(C) the publisher of such publication em-
6 ploys at least one local news journalist who re-
7 sides in such regional or local community,

8 “(D) the publisher of such publication em-
9 ploys not greater than 750 employees, and

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13 “(2) LOCAL NEWS JOURNALIST.—For purposes
14 of paragraph (1)(C), the term ‘local news journalist’
15 means any individual who regularly gathers, collects,
16 photographs, records, writes, or reports news or in-
17 formation that concerns local events or other mat-
18 ters of local public interest.

19 “(3) AGGREGATION RULE.—

20 “(A) IN GENERAL.—For purposes of sub-
21 paragraphs (C) and (D) of paragraph (1), all
22 persons treated as a single employer under sub-
23 section (a) or (b) of section 52, or subsection
24 (m) or (o) of section 414, shall be treated as
25 one person.

1 “(B) EXCEPTION.—Subparagraph (A)
2 shall not apply unless such persons are involved
3 in the production of the same print or digital
4 publication.

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

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

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

22 “(B) any person making a charitable con-
23 tribution (as defined in section 170(e)) to such
24 organization may elect to treat such contribu-
25 tion as an amount paid or incurred for a sub-

1 scription to which this section applies in lieu of
2 treating such contribution as a charitable con-
3 tribution for purposes of section 170.

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

8 (b) **CLERICAL AMENDMENT.**—The table of sections
9 for subpart A of part IV of subchapter A of chapter 1
10 is amended by inserting after the item relating to section
11 25D the following new item:

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

12 (c) **EFFECTIVE DATE.**—The amendments made by
13 this section shall apply to amounts paid or incurred in tax-
14 able years beginning after the date of the enactment of
15 this Act.

16 **SEC. 3. PAYROLL CREDIT FOR COMPENSATION OF LOCAL**
17 **NEWS JOURNALISTS.**

18 (a) **IN GENERAL.**—In the case of a an eligible local
19 newspaper publisher, there shall be allowed as a credit
20 against the taxes imposed by section 3111(a) of the Inter-
21 nal Revenue Code of 1986 for each calendar quarter an
22 amount equal to the applicable percentage of wages paid
23 by such publisher to local news journalists for such cal-
24 endar quarter.

25 (b) **LIMITATIONS AND REFUNDABILITY.**—

1 (1) WAGES TAKEN INTO ACCOUNT.—The
2 amount of wages paid with respect to any individual
3 which may be taken into account under subsection
4 (a) during any calendar quarter by the eligible local
5 newspaper publisher shall not exceed \$12,500.

6 (2) CREDIT LIMITED TO EMPLOYMENT
7 TAXES.—The credit allowed by subsection (a) with
8 respect to any calendar quarter shall not exceed the
9 applicable employment taxes (reduced by any credits
10 allowed under subsections (e) and (f) of section
11 3111 of the Internal Revenue Code of 1986, sections
12 7001 and 7003 of the Families First Coronavirus
13 Response Act, and section 2301 of the CARES Act)
14 on the wages paid with respect to the employment
15 of all the employees of the eligible local newspaper
16 publisher for such calendar quarter.

17 (3) REFUNDABILITY OF EXCESS CREDIT.—

18 (A) IN GENERAL.—If the amount of the
19 credit under subsection (a) exceeds the limita-
20 tion of paragraph (2) for any calendar quarter,
21 such excess shall be treated as an overpayment
22 that shall be refunded under sections 6402(a)
23 and 6413(b) of the Internal Revenue Code of
24 1986.

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

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

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

10 (A) in the case of each of the first 4 cal-
11 endar quarters to which this section applies, 50
12 percent; and

13 (B) in the case of each calendar quarter
14 thereafter, 30 percent.

15 (2) ELIGIBLE LOCAL NEWSPAPER PUB-
16 LISHER.—The term “eligible local newspaper pub-
17 lisher” means, with respect to any calendar quarter,
18 any employer if substantially all of the gross receipts
19 of such employer for such calendar quarter are de-
20 rived in the trade or business of publishing local
21 newspapers (as defined in section 25E(d)(1)).

22 (3) LOCAL NEWS JOURNALIST.—The term
23 “local news journalist” means, with respect to any
24 eligible local newspaper publisher for any calendar
25 quarter, any individual who provides at least 100

1 hours of service as a local news journalist (as de-
2 fined in section 25E(d)(2)) during such calendar
3 quarter to such eligible local newspaper publisher.

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

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

11 (d) AGGREGATION RULE.—

12 (1) IN GENERAL.—All persons treated as a sin-
13 gle employer under subsection (a) or (b) of section
14 52 of the Internal Revenue Code of 1986, or sub-
15 section (m) or (o) of section 414 of such Code, shall
16 be treated as one employer for purposes of this sec-
17 tion.

18 (2) EXCEPTION.—Paragraph (1) shall not
19 apply unless such persons are involved in the pro-
20 duction of the same print or digital publication.

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

1 (f) CERTAIN GOVERNMENTAL EMPLOYERS.—This
2 credit shall not apply to the Government of the United
3 States, the government of any State or political subdivi-
4 sion thereof, or any agency or instrumentality of any of
5 the foregoing.

6 (g) ELECTION TO HAVE SECTION NOT APPLY.—
7 This section shall not apply with respect to any eligible
8 local newspaper publisher for any calendar quarter if such
9 person elects (at such time and in such manner as the
10 Secretary may prescribe) not to have this section apply.

11 (h) SPECIAL RULES.—

12 (1) EMPLOYEE NOT TAKEN INTO ACCOUNT
13 MORE THAN ONCE.—An employee shall not be in-
14 cluded for purposes of this section for any period
15 with respect to any employer if such employer is al-
16 lowed a credit under section 51 of the Internal Rev-
17 enue Code of 1986 with respect to such employee for
18 such period.

19 (2) DENIAL OF DOUBLE BENEFIT.—Any wages
20 taken into account in determining the credit allowed
21 under this section shall not be taken into account for
22 purposes of determining the credit allowed under
23 section 45S of such Code.

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

4 (i) TRANSFERS TO FEDERAL OLD-AGE AND SUR-
5 VIVORS INSURANCE TRUST FUND.—There are hereby ap-
6 propriated to the Federal Old-Age and Survivors Insur-
7 ance Trust Fund and the Federal Disability Insurance
8 Trust Fund established under section 201 of the Social
9 Security Act (42 U.S.C. 401) amounts equal to the reduc-
10 tion in revenues to the Treasury by reason of this section
11 (without regard to this subsection). Amounts appropriated
12 by the preceding sentence shall be transferred from the
13 general fund at such times and in such manner as to rep-
14 licate to the extent possible the transfers which would have
15 occurred to such Trust Fund or Account had this section
16 not been enacted.

17 (j) TREATMENT OF DEPOSITS.—The Secretary shall
18 waive any penalty under section 6656 of the Internal Rev-
19 enue Code of 1986 for any failure to make a deposit of
20 any applicable employment taxes if the Secretary deter-
21 mines that such failure was due to the reasonable anticipa-
22 tion of the credit allowed under this section.

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

1 (1) to allow the advance payment of the credit
2 under subsection (a), subject to the limitations pro-
3 vided in this section, based on such information as
4 the Secretary shall require;

5 (2) to provide for the reconciliation of such ad-
6 vance payment with the amount advanced at the
7 time of filing the return of tax for the applicable cal-
8 endar quarter or taxable year; and

9 (3) with respect to the application of the credit
10 under subsection (a) to third-party payors (including
11 professional employer organizations, certified profes-
12 sional employer organizations, or agents under sec-
13 tion 3504 of the Internal Revenue Code of 1986),
14 including regulations or guidance allowing such
15 payors to submit documentation necessary to sub-
16 stantiate the eligible employer status of employers
17 that use such payors.

18 (l) APPLICATION.—This section shall only apply to
19 calendar quarters during the first 5 calendar years begin-
20 ning 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 in a local newspaper (as defined
13 in section 25E(d)) or a broadcast of a local radio or
14 television station.

15 “(2) LOCAL RADIO OR TELEVISION STATION.—
16 The term ‘local radio or television station’ means
17 any broadcast radio or television station licensed by
18 the Federal Communications Commission to serve a
19 local community.

20 “(f) SPECIAL RULES.—

21 “(1) DENIAL OF DOUBLE BENEFIT.—No deduc-
22 tion shall be allowed for any qualified local media
23 advertising expenses otherwise allowable as a deduc-
24 tion for the taxable year which is equal to the

1 amount of the credit determined for such taxable
2 year under subsection (a).

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

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

13 (b) CREDIT ALLOWED AS PART OF GENERAL BUSI-
14 NESS CREDIT.—Section 38(b), as amended by the pre-
15 ceding provisions of this Act, is further amended by strik-
16 ing “plus” at the end of paragraph (32), by striking the
17 period at the end of paragraph (33) and inserting “, plus”,
18 and by adding at the end the following new paragraph:

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

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

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

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