

.....
(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) shall not
10 be treated as met unless such requirements are met
11 at all times during the period beginning on the date
12 which is 2 years before the date of the enactment of
13 this Act and ending on the date that the subscrip-
14 tion described in subsection (a) is paid or incurred.

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

19 (b) CLERICAL AMENDMENT.—The table of sections
20 for subpart A of part IV of subchapter A of chapter 1
21 is amended by inserting after the item relating to section
22 25D the following new item:

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

23 (c) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to amounts paid or incurred in tax-

1 able years ending after the date of the enactment of this
2 Act.

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

5 (a) IN GENERAL.—In the case of an eligible news-
6 paper employer, there shall be allowed as a credit against
7 the taxes imposed by section 3111(a) of the Internal Rev-
8 enue Code of 1986 for each calendar quarter an amount
9 equal to the applicable percentage of the qualified jour-
10 nalism compensation paid to each individual for such cal-
11 endar quarter.

12 (b) LIMITATIONS AND REFUNDABILITY.—

13 (1) COMPENSATION TAKEN INTO ACCOUNT.—

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

19 (2) CREDIT LIMITED TO EMPLOYMENT

20 TAXES.—The credit allowed by subsection (a) with
21 respect to any calendar quarter shall not exceed the
22 applicable employment taxes (reduced by any credits
23 allowed under subsections (e) and (f) of section
24 3111 of the Internal Revenue Code of 1986, sections
25 7001 and 7003 of the Families First Coronavirus

1 Response Act, and section 2301 of the CARES Act)
2 on the wages paid with respect to the employment
3 of all the employees of the eligible newspaper em-
4 ployer for such calendar quarter.

5 (3) REFUNDABILITY OF EXCESS CREDIT.—

6 (A) IN GENERAL.—If the amount of the
7 credit under subsection (a) exceeds the limita-
8 tion of paragraph (2) for any calendar quarter,
9 such excess shall be treated as an overpayment
10 that shall be refunded under sections 6402(a)
11 and 6413(b) of the Internal Revenue Code of
12 1986.

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

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

20 (1) APPLICABLE PERCENTAGE.—The term “ap-
21 plicable 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 NEWSPAPER EMPLOYER.—The
4 term “eligible newspaper employer” means, with re-
5 spect to any calendar quarter, any employer if sub-
6 stantially all of the gross receipts of such employer
7 for such calendar quarter are derived from the trade
8 or business of publishing print or digital publica-
9 tions—

10 (A) the primary content of which is news
11 and current events, and

12 (B) at least 51 percent of the readers of
13 which reside in—

14 (i) a single State or a single posses-
15 sion of the United States, or

16 (ii) a single area with a 200-mile ra-
17 dius.

18 (3) QUALIFIED JOURNALISM COMPENSATION.—

19 (A) IN GENERAL.—The term “qualified
20 journalism compensation” means—

21 (i) wages paid by an eligible news-
22 paper employer to an employee for service
23 as a journalist, and

24 (ii) in the case of remuneration paid
25 to an individual who is not an employee of

1 the employer, such remuneration as would
2 described in clause (i) if such individual
3 were such an employee.

4 (B) JOURNALIST.—The term “journalist”
5 means any individual who regularly gathers,
6 prepares, collects, photographs, records, writes,
7 edits, reports, or publishes news or information
8 that concerns local, national, or international
9 events or other matters of public interest for
10 dissemination to the public.

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

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

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

23 (e) CERTAIN RULES TO APPLY.—For purposes of
24 this section, rules similar to the rules of sections 51(i)(1)

1 and 280C(a) of the Internal Revenue Code of 1986 shall
2 apply.

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

8 (g) ELECTION NOT TO HAVE SECTION APPLY.—This
9 section shall not apply with respect to any eligible news-
10 paper employer for any calendar quarter if such employer
11 elects (at such time and in such manner as the Secretary
12 may prescribe) not to have this section apply.

13 (h) SPECIAL RULES.—

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

21 (2) DENIAL OF DOUBLE BENEFIT.—Any wages
22 taken into account in determining the credit allowed
23 under this section shall not be taken into account for
24 purposes of determining the credit allowed under
25 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 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 1,000.

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 ending after the date of the enactment of this
4 Act.