



2023 AG REQUEST LEGISLATION

PROVIDE B&O TAX RELIEF FOR LOCAL NEWSPAPERS

What is the problem?

Local journalism is vital to a healthy democracy. The loss of local journalism contributes to the spread of mis- and disinformation, political polarization and voter participation decreases.¹ In communities without a credible source of local news, corruption in both government and business increases.²

Newspapers are vanishing at an alarming rate. Since 2005, the country has lost more than a fourth of its newspapers (2,500) and is on track to lose a third by 2025.³ In the same timeframe, Washington lost 20% of its newspapers.⁴

The surviving newspapers are cutting staff and circulation. Between 2005 and 2020, Washington state newspapers lost 67% of newsroom employees.⁵ The pandemic exacerbated the problem. According to data compiled by the Columbia Journalism Review, at least 43 newspapers in Washington laid off employees in 2020, and 23 suspended printing operations or reduced the number of days they offer a print newspaper.

Without legislative action, the current B&O tax break for newspapers will expire on July 1, 2024.

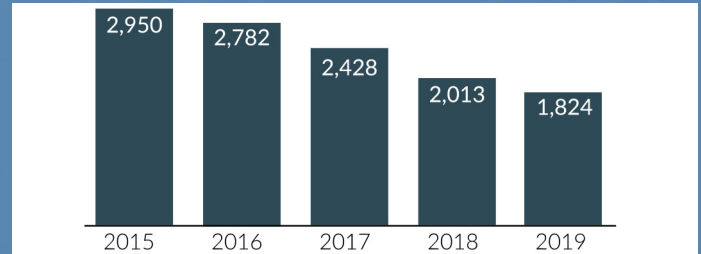
What is the solution? SB 5199 / HB 1206

In 2009, the Legislature created a tax preference for newspapers. Newspaper printers and publishers receive a reduced business and occupation (B&O) tax rate of .35% compared to the standard rate of .484%. In 2021, the Legislative Auditor and the Joint Legislative Audit Review Committee (JLARC) reviewed the tax preference and found that the preference meets the objective of providing tax relief to newspaper printers and publishers. However, JLARC also recommended that “If the Legislature is interested in helping the news industry more broadly, it should consider additional approaches.”

Consistent with the Legislative Auditor’s recommendation, this legislation expands the preference to fully eliminate the B&O tax for newspaper publishers and printers. This legislation also extends the same rate to purely online, professional news outlets that provide a similar public benefit as printed papers. This will cost an estimated \$1 million per year. It will save jobs — and help restore our democracy.

Key Stats

Employment at newspapers using the preference has declined 38%



Source: JLARC staff analysis of Department of Revenue tax return detail, fiscal years 2015-2020, and Employment Security Department UI data, calendar years 2015-2020. This data includes 109 beneficiaries with NAICS codes indicating they are newspapers.

Prime Sponsors:

Sen. Mullet (D-5)
Rep. Pollet (D-46)

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1: The Decline of Local News and Its Impact on Democracy, League of Women Voters of Washington, 2022. <https://lwvwa.org/resources/Documents/Studies/LocalNews/Decline%2036.pdf>

2: The State of Local News 2022, Peter Abernathy, Northwestern Local News Initiative. June 22, 2022

3: Ibid.

4: The News Landscape in 2020: Transformed and Diminished, The Expanding News Desert, 2020, Penelope Abernathy <https://www.usnewsdeserts.com/reports/news-deserts-and-ghost-newspapers-will-local-news-survive/the-newslandscape-in-2020-transformed-and-diminished/>

5: Local Journalism: America’s Most Trusted News Source Threatened, U.S. Senate Committee on Commerce, Science and Transportation, October 2020, <https://www.cantwell.senate.gov/news/press-releases/senatecommerce-committee-minority-report-calls-unfair-practices-by-tech-companies-a-threat-to-local-news>