

February 11, 2025

Chair Vanessa E. Atterbeary
Committee on Ways and Means
Maryland General Assembly
130 Taylor House Office Building
Annapolis, MD 21401

Re: HB 0891 – Local Journalism Tax Credit Proposal

Dear Chair Atterbeary and Committee Members:

I am a Maryland resident living in Baltimore City, and I am the National Field Director at Free Press Action, a national, non-partisan, non-profit organization with more than 3,000 members across the state. At Free Press Action, we believe that positive social change, racial justice, and meaningful engagement in public life require equitable access to technology, diverse and independent ownership of media platforms, and journalism that holds leaders accountable and tells people what's actually happening in their communities.

I'm writing today to applaud lawmakers for their commitment to supporting journalism in Maryland – and to urge them to consider key changes to the approach outlined in HB 0891. As a public interest organization, our primary concern is ensuring that benefits flow to the communities and sectors of our local media system that need help most, while also investing public dollars in the kinds of public interest journalism that will have the greatest impact on civic and community health. In this testimony, I will lay out critical framing through which we should understand the ongoing decline of local news, and outline core recommendations for lawmakers as they continue to weigh legislative action.

I. Framing the Decline of Local News

Over the past two decades, Maryland residents have been subject to a precipitous decline in their access to trusted local news sources. Since 2004, [we have lost](#) more than 50% of our newspapers, and total circulation has dropped by more than 60%. Despite the efforts of many hard-working journalists, we increasingly find ourselves in a media landscape that is dominated by national headlines and awash in misinformation and clickbait, with an acute shortage of the kind of local news and civic information that communities need most.

Amid this collapse, it's become clear that the market cannot produce high-quality local journalism at the level required for democratic self-government. Our local media system is now largely in the hands of corporate chains and hedge funds, entities that have very little commercial incentive to produce critical civic information because they cannot internalize the benefits in the form of shareholder returns. When profit is the bottom line, as it often is with corporate media giants, low-cost sensationalist content and clickbait always win out over public-interest journalism.

The good news is that an emerging wave of independent local newsrooms, nonprofits, and ethnic media outlets have stepped up to serve their communities amid widespread layoffs and newsroom closures. But the structural fissures in our media system are just too wide for the market to handle on its own.

This is where legislative intervention can help. By driving funding and support towards the outlets most engaged with their communities and most adept at producing public-interest journalism, lawmakers can diversify the media landscape and help communities stay informed and connected.

II. Targeting Benefits to the Outlets and Communities That Need Help Most

Employment-based tax credits, if carefully designed, can work towards this goal. But they should be understood as a “bridge” policy – they may provide a life raft to the journalism industry as it exists today, but because they’re so broadly applied, these tax credit approaches struggle to elevate the sectors of our media system that are both immensely under-resourced and most important to communities’ civic and democratic health. In the long run, the most effective way to build a sustainable and diversified media ecosystem is to direct targeted support to the independent local newsrooms, nonprofits, and ethnic media outlets that are closest to their communities and most focused on plugging critical information gaps.

With this in mind, our primary recommendation is for lawmakers to create and fund an independent grantmaking body to support local news in Maryland. Every community has different information needs and a unique local-news environment. Public grantmaking provides the flexibility to account for these differences and allows public funds to be used as efficiently and effectively as possible in serving community-information needs. Direct funding programs can also encompass a variety of models: legacy and startup, commercial and noncommercial, projects that do traditional news reporting and those that focus on support services and training.

There is strong proof of concept for this kind of targeted approach. In 2018, state lawmakers in New Jersey worked with community leaders to stand up the [New Jersey Civic Information Consortium](#), an independent 501(c)(3) housed outside of the government that distributes public funds to combat the decline of local news and civic engagement. The consortium, governed by a large diverse board and firewalled from the influence of lawmakers, has distributed more than \$10 million since its inception. Grants are distributed to outlets working to plug the most essential information needs, which has paid immediate dividends in creating a healthier local information ecosystem.

By standing up a similar grantmaking body in Maryland, lawmakers can ensure that public dollars are used as efficiently as possible in supporting the kind of local news that Marylanders need most, while also laying the groundwork for a sustainable, diversified media landscape driven by community needs rather than corporate profits.

If tax credits end up being adopted as a primary approach, we encourage legislators to craft them as precisely as possible so that they prioritize small independent outlets, nonprofits, and ethnic newsrooms. Lawmakers can work towards this goal by incorporating the provisions below:

- Policymakers should ensure that large corporate entities don't siphon up benefits that would be better used to support smaller, under-resourced newsrooms working to plug critical information gaps. There are multiple ways to achieve this, including placing a revenue cap on the outlets eligible to receive funding, or by placing a cap on the number of employees who count towards benefits at each outlet.
- We cannot build a sustainable, transformed local news system without nonprofit outlets. They should be eligible to receive benefits. If this can't be done through the tax credit scheme, then lawmakers should distribute grants to nonprofits.
- For-profit television broadcasters like Nexstar, Fox, NBC, and CBS [are already turning a healthy profit](#), and in many cases, adding jobs. Policymakers should exclude these corporate broadcasters from receiving benefits, both to ensure the most judicious use of public dollars and to ensure that support flows where it is needed most.
- Freelancers are increasingly relied upon by under-staffed community outlets, and an important part of the workforce. They should therefore be represented in employee headcount when distributing tax credits.
- Smaller newsrooms are oftentimes both the closest to their communities and the most susceptible to financial hardship. Benefits should be scaled up for newsrooms under a certain headcount (say, 10 newsroom employees), and if the funding pool is finite, these smaller newsrooms should be at the front of the line.
- Ethnic media faces all the same economic struggles as legacy commercial media, with far less access to capital and support. If lawmakers intend to use the tax credit scheme as a foundational building block in fostering a more equitable and representative media system, then an explicit carve-out for ethnic and community-specific media should be added in to ensure that this sector receives the support it needs.

Finally, If this bill remains structured as a payroll tax credit largely focused on for-profit media outlets, we recommend that it be time-limited to five years, and paired with a detailed program evaluation study tracking these grants and their impact, which is open to public feedback.

Thank you again for soliciting public input. I look forward to working with this committee and welcome any additional questions.

Sincerely,

Sarah Freeman-Woolpert
National Field Director of Free Press Action