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

A BILL

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Local Journalism Sustainability Act”.

SEC. 2. CREDIT FOR LOCAL NEWSPAPER SUBSCRIPTIONS.

(a) In general.—Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of
1986 is amended by inserting after section 25D the following new section:

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SEC. 25E. LOCAL NEWSPAPER SUBSCRIPTIONS.

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

(b) ANNUAL DOLLAR LIMITATION.—The credit allowed under subsection (a) to any taxpayer for any taxable year shall not exceed $250.

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

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

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

(d) LOCAL NEWSPAPER.—For purposes of this section—

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

(A) the primary content of such publication is news and current events, and
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“(B) at least 51 percent of the readers of such publication (including both print and digital versions) reside in—

“(i) a single State or a single possession of the United States, or

“(ii) a single area with a 200-mile radius.

“(2) Continuous qualification.—The requirements of subparagraphs (A) and (B) of paragraph (1) shall not be treated as met unless such requirements are met at all times during the period beginning on the date which is 2 years before the date of the enactment of this section and ending on the date that the subscription described in subsection (a) is paid or incurred.

“(3) Application to certain organizations exempt from tax.—In the case of any print or digital publication which is published by any organization described in section 501(c) and exempt from tax under section 501(a)—

“(A) such publication shall be treated as a local newspaper only if the publication of print and digital publications is the primary activity of such organization, and
“(B) any person making a charitable con-
tribution (as defined in section 170(e)) to such
organization may elect to treat such contribu-
tion as an amount paid or incurred for a sub-
scription to which this section applies in lieu of
treating such contribution as a charitable con-
tribution for purposes of section 170.

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

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

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

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

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

(a) IN GENERAL.—In the case of an eligible news-
paper employer, there shall be allowed as a credit against
the taxes imposed by section 3111(a) of the Internal Rev-
ue Code of 1986 for each calendar quarter an amount
equal to the applicable percentage of the qualified journalism compensation paid to each individual for such calendar quarter.

(b) Limitations and Refundability.—

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

(2) Credit limited to employment taxes.—The credit allowed by subsection (a) with respect to any calendar quarter shall not exceed the applicable employment taxes (reduced by any credits allowed under subsections (e) and (f) of section 3111 of the Internal Revenue Code of 1986, sections 7001 and 7003 of the Families First Coronavirus Response Act, and section 2301 of the CARES Act) on the wages paid with respect to the employment of all the employees of the eligible newspaper employer for such calendar quarter.

(3) Refundability of excess credit.—

(A) In general.—If the amount of the credit under subsection (a) exceeds the limitation of paragraph (2) for any calendar quarter,
such excess shall be treated as an overpayment that shall be refunded under sections 6402(a) and 6413(b) of the Internal Revenue Code of 1986.

(B) Treatment of Payments.—For purposes of section 1324 of title 31, United States Code, any amounts due to the employer under this paragraph shall be treated in the same manner as a refund due from a credit provision referred to in subsection (b)(2) of such section.

(c) Definitions.—For purposes of this section—

(1) Applicable Percentage.—The term “applicable percentage” means—

(A) in the case of each of the first 4 calendar quarters to which this section applies, 50 percent; and

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

(2) Eligible Newspaper Employer.—The term “eligible newspaper employer” means, with respect to any calendar quarter, any employer if substantially all of the gross receipts of such employer for such calendar quarter are derived from the trade or business of publishing print or digital publications—
(A) the primary content of which is news and current events; and

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

(i) a single State or a single possession of the United States; or

(ii) a single area with a 200-mile radius.

(3) QUALIFIED JOURNALISM COMPENSATION.—

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

(i) wages paid by an eligible newspaper employer to an employee for service as a journalist; and

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

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

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

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

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

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

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

(g) ELECTION TO HAVE SECTION NOT APPLY.—
This section shall not apply with respect to any eligible
newspaper employer for any calendar quarter if such em-
ployer elects (at such time and in such manner as the Sec-
retary may prescribe) not to have this section apply.

(h) Special Rules.—

(1) Employee not taken into account
more than once.—An employee shall not be in-
cluded for purposes of this section for any period
with respect to any employer if such employer is al-
lowed a credit under section 51 of the Internal Rev-
ue Code of 1986 with respect to such employee for
such period.

(2) Denial of double benefit.—Any wages
taken into account in determining the credit allowed
under this section shall not be taken into account for
purposes of determining the credit allowed under
section 45S of such Code.

(3) Third-party payors.—Any credit allowed
under this section shall be treated as a credit de-
scribed in section 3511(d)(2) of such Code.

(i) Transfers to Federal Old-Age and Sur-
vivors Insurance Trust Fund.—There are hereby ap-
propriated to the Federal Old-Age and Survivors Insur-
ance Trust Fund and the Federal Disability Insurance
Trust Fund established under section 201 of the Social
Security Act (42 U.S.C. 401) amounts equal to the reduc-
tion in revenues to the Treasury by reason of this section
(without regard to this subsection). Amounts appropriated
by the preceding sentence shall be transferred from the
general fund at such times and in such manner as to rep-
licate to the extent possible the transfers which would have
occurred to such Trust Fund or Account had this section
not been enacted.

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

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

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

(2) to provide for the reconciliation of such ad-
advance payment with the amount advanced at the
time of filing the return of tax for the applicable cal-
endar quarter or taxable year; and
(3) with respect to the application of the credit under subsection (a) to third-party payors (including professional employer organizations, certified professional employer organizations, or agents under section 3504 of the Internal Revenue Code of 1986), including regulations or guidance allowing such payors to submit documentation necessary to substantiate the eligible employer status of employers that use such payors.

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

SEC. 4. CREDIT FOR ADVERTISING IN LOCAL NEWSPAPERS AND LOCAL MEDIA.

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

“SEC. 45U. ADVERTISING IN LOCAL NEWSPAPERS AND LOCAL MEDIA.

“(a) IN GENERAL.—For purposes of section 38, in the case of any eligible small business, the local media advertising credit determined under this section for any taxable year is an amount equal to the applicable percentage
of the qualified local media advertising expenses paid or
incurred by the taxpayer during such taxable year.

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

“(1) in the case of the first taxable year to
which this section applies, $5,000, and
“(2) in the case of any subsequent taxable year,
$2,500.

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

“(1) in the case of the first taxable year to
which this section applies, 80 percent, and
“(2) in the case of any subsequent taxable year,
50 percent.

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

“(e) QUALIFIED LOCAL MEDIA ADVERTISING EX-
penses.—For purposes of this section—
“(1) IN GENERAL.—The term ‘qualified local media advertising expenses’ means amounts paid or incurred in the ordinary course of a trade or business for advertising in a local newspaper (as defined in section 25E(d)) or a broadcast of a local radio or television station.

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

“(f) SPECIAL RULES.—

“(1) DENIAL OF DOUBLE BENEFIT.—No deduction shall be allowed for any qualified local media advertising expenses otherwise allowable as a deduction for the taxable year which is equal to the amount of the credit determined for such taxable year under subsection (a).

“(2) AGGREGATION RULE.—All persons treated as a single employer under subsection (a) or (b) of section 52 of the Internal Revenue Code of 1986, or subsection (m) or (o) of section 414 of such Code, shall be treated as one employer for purposes of this section.
“(g) **Termination.**—No credit shall be allowed under this section for any amount paid or incurred in a taxable year ending after the close of 5-year period beginning on the date of the enactment of this section.”.

(b) **Credit Allowed as Part of General Business Credit.**—Section 38(b), as amended by the preceding provisions of this Act, is further amended by striking “plus” at the end of paragraph (32), by striking the period at the end of paragraph (33) and inserting “, plus”, and by adding at the end the following new paragraph:

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

(c) **Clerical Amendment.**—The table of sections for subpart D of part IV of subchapter A of chapter 1 of such Code is amended by adding at the end the following new item:

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

(d) **Effective Date.**—The amendments made by this section shall apply to amounts paid or incurred in taxable years ending after the date of the enactment of this Act.