To provide tax incentives that support local media.

IN THE HOUSE OF REPRESENTATIVES

Ms. TENNEY introduced the following bill; which was referred to the Committee on ________

A BILL

To provide tax incentives that support local media.

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 “Community News and Small Business Support Act”.

SEC. 2. CREDIT FOR ADVERTISING IN 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. 45BB. ADVERTISING IN 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 subsection (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 determining whether an employer is an applicable large employer 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 50.

“(e) Qualified Local Media Advertising Expenses.—For purposes of this section, the term ‘qualified local media advertising expenses’ means amounts paid or incurred in the ordinary course of a trade or business for—

“(1) advertising in a local newspaper, or

“(2) advertising on any broadcast radio or television station licensed by the Federal Communications Commission to serve a local community.

For purposes of this subsection, the term ‘advertising’ includes sponsorships.

“(f) 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 original content derived from primary sources and relating to news and current events,

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

“(C) the publisher of such publication—
“(i) employs at least one full-time local news journalist who resides in such regional or local community,
“(ii) employs not greater than 750 employees, and
“(iii) is not—
“(I) an organization described in paragraph (4), (5), or (6) of section 501(e),
“(II) a political organization (as defined in section 527(e)),
“(III) any organization controlled by one or more organizations described in subclauses (I) or (II), or
“(IV) any organization that received more than $100,000 (in the aggregate) from organizations described in subclauses (I), (II), or (III) during the taxable year or any preceding taxable year.
“(2) LOCAL NEWS JOURNALIST.—For purposes of paragraph (1)(C)(i), the term ‘local news journalist’ means any individual who regularly gathers, prepares, produces, collects, edits, photographs, records, directs the recording of, writes, presents, or
reports news or information that concerns local
events or other matters of local public interest.

“(3) AGGREGATION RULE.—

“(A) IN GENERAL.—For purposes of
clauses (ii) and (iii) of paragraph (1)(C), all
persons treated as a single employer under sub-
section (a) or (b) of section 52, or subsection
(m) or (o) of section 414, shall be treated as
one person.

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

“(4) CONTINUOUS QUALIFICATION.—The re-
quirements of paragraph (1)(C) shall not be treated
as met unless such requirements are met at all times
during the period beginning on the date which is 1
year before the date of the enactment of this section
and ending on the date that the subscription de-
scribed in subsection (a) is paid or incurred.

“(g) SPECIAL RULES.—

“(1) DENIAL OF DOUBLE BENEFIT.—No deduc-
tion shall be allowed for any qualified local media
advertising expenses otherwise allowable as a deduc-
tion 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 person for purposes of applying subsection (b).

“(h) 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) of such Code is amended by striking “plus” at the end of paragraph (40), by striking the period at the end of paragraph (41) and inserting “, plus”, and by adding at the end the following new paragraph:

“(42) in the case of an eligible small business, the local media advertising credit determined under section 45BB(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. 45BB. Advertising in local media.”.
(d) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred in taxable years beginning after the date of the enactment of this Act.

SEC. 3. PAYROLL CREDIT FOR COMPENSATION OF LOCAL NEWS JOURNALIST.

(a) IN GENERAL.—Subchapter D of chapter 21 of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:

“SEC. 3135. LOCAL NEWS JOURNALIST COMPENSATION CREDIT.

“(a) IN GENERAL.—In the case of an eligible local news journalist employer, there shall be allowed as a credit against applicable employment taxes for each calendar quarter an amount equal to the applicable percentage of the wages paid by such employer to local news journalists for such calendar quarter.

“(b) LIMITATIONS AND REFUNDABILITY.—

“(1) LIMITATION ON NUMBER OF LOCAL NEWS JOURNALISTS TAKEN INTO ACCOUNT.—The number of employees of any eligible local news journalist employer which are taken into account as local news journalists under subsection (a) for any calendar quarter shall not exceed 1,500.
“(2) LIMITATION ON WAGES TAKEN INTO ACCOUNT.—The amount of wages paid with respect to any individual which may be taken into account under subsection (a) during any calendar quarter by the eligible local news journalist employer shall not exceed $12,500.

“(3) 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 sections 3131, 3132, and 3134) on the wages paid with respect to the employment of all the employees of the eligible local news journalist employer for such calendar quarter.

“(4) REFUNDABILITY OF EXCESS CREDIT.—If the amount of the credit under subsection (a) exceeds the limitation of paragraph (3) for any calendar quarter, such excess shall be treated as an overpayment that shall be refunded under sections 6402(a) and 6413(b).

“(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 LOCAL NEWS JOURNALIST EMPLOYER.—The term ‘eligible local news journalist 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 in the trade or business of publishing local newspapers (as defined in section 45BB(f)).

“(3) LOCAL NEWS JOURNALIST.—The term ‘local news journalist’ means, with respect to any eligible local news journalist employer for any calendar quarter, any individual who provides at least 200 hours of service as a local news journalist (as defined in section 45BB(f)(2)) during such calendar quarter to such eligible local news journalist employer.

“(4) APPLICABLE EMPLOYMENT TAXES.—The term ‘applicable employment taxes’ means the following:

“(A) The taxes imposed under section 3111(b).
“(B) So much of the taxes imposed under section 3221(a) as are attributable to the rate in effect under section 3111(b).

“(d) AGGREGATION RULE.—

“(1) IN GENERAL.—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.

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

“(e) CERTAIN RULES TO APPLY.—For purposes of this section—

“(1) IN GENERAL.—Rules similar to the rules of sections 51(i)(1) and 280C(a) of the Internal Revenue Code of 1986 shall apply.

“(2) EXCEPTION TO RELATED PARTY RULES.—In the case of an eligible local news journalist employer which employs fewer than 15 local news journalists during the calendar quarter, paragraph (1) shall be applied without regard to the reference to section 51(i)(1).
“(f) Certain Governmental Employers.—This credit shall not apply to the Government of the United States, the government of any State or political subdivision 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 local news journalist employer for any calendar quarter if such person elects (at such time and in such manner as the Secretary 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 included for purposes of this section for any period with respect to any employer if such employer is allowed a credit under section 51 of the Internal Revenue 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 41, 45A, 45P, 45S, or 1396.
“(3) Third-party payors.—Any credit allowed under this section shall be treated as a credit described in section 3511(d)(2).

“(4) Treatment of deposits.—The Secretary shall waive any penalty under section 6656 of the Internal Revenue Code of 1986 for any failure to make a deposit of any applicable employment taxes if the Secretary determines that such failure was due to the reasonable anticipation of the credit allowed under this section.

“(5) Extension of limitation on assessment.—Notwithstanding section 6501, the limitation on the time period for the assessment of any amount attributable to a credit claimed under this section shall not expire before the date that is 5 years after the later of—

“(A) the date on which the original return which includes the calendar quarter with respect to which such credit is determined is filed, or

“(B) the date on which such return is treated as filed under section 6501(b)(2).

“(i) Regulations and guidance.—The Secretary shall issue such forms, instructions, regulations, and guidance as are necessary—
“(1) 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, and

“(2) to prevent the avoidance of the purposes of the limitations under this section, including through the leaseback of employees.

Any forms, instructions, regulations, or other guidance described in paragraph (2) shall require the customer to be responsible for the accounting of the credit and for any liability for improperly claimed credits and shall require the certified professional employer organization or other third party payor to accurately report such tax credits based on the information provided by the customer.

“(j) APPLICATION.—This section shall not apply to any calendar quarter beginning more than 5 years after the date of the enactment of this section.”.

(b) CONFORMING AMENDMENTS.—
(1) Section 1324(b)(2) of title 31, United States Code, is amended by inserting “‘3135,’” after “‘3134,’”.

(2) The table of sections for subchapter D of chapter 21 of the Internal Revenue Code of 1986 is amended by adding at the end the following:

“Sec. 3135. Local news journalist compensation credit.”.

(e) Effective Date.—The amendments made by this section shall apply to calendar quarters beginning after the date of the enactment of this Act.