

# STATE OF NEW YORK

7544

2021-2022 Regular Sessions

## IN SENATE

November 24, 2021

Introduced by Sen. HOYLMAN -- read twice and ordered printed, and when printed to be committed to the Committee on Rules

AN ACT to amend the tax law, in relation to providing a tax credit for the cost of subscriptions that support local newspapers and other local media and a payroll tax credit for compensation of journalists; and to provide for the repeal of such provisions upon expiration thereof

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

- 1 Section 1. This act shall be known and may be cited as the "local  
2 journalism sustainability act".  
3 § 2. Section 606 of the tax law is amended by adding a new subsection  
4 (nnn) to read as follows:  
5 (nnn) Credit for qualifying publication subscriptions. (1) Allowance  
6 of credit. For taxable years beginning on or after January first, two  
7 thousand twenty-two, a credit for qualifying publication subscriptions  
8 shall be allowed to a resident individual of the state against the tax  
9 imposed by this article in an amount equal to the applicable percentage  
10 of amounts paid or incurred for subscriptions to one or more qualifying  
11 publications for the personal use of the taxpayer.  
12 (2) Application of credit. The credit allowed under paragraph one of  
13 this subsection to any taxpayer for any taxable year shall not exceed  
14 two hundred fifty dollars per tax year and shall be subject to the  
15 applicable percentages described in this subdivision.  
16 (3) Definitions. As used in this subsection, the following terms shall  
17 have the following meanings:  
18 (A) "Applicable percentage" means: (i) in the first taxable year to  
19 which this section applies, eighty percent of the total cost of the  
20 subscription or subscriptions, and (ii) in any subsequent taxable year,  
21 fifty percent of the total cost of the subscription or subscriptions.

EXPLANATION--Matter in italics (underscored) is new; matter in brackets [-] is old law to be omitted.

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1 (B) "Qualifying publication" means, with respect to any calendar year,  
2 any print or digital publication:

3 (i) the primary purpose of which is to serve a local community by  
4 providing local news, which is published during each quarter of the  
5 calendar year and has been published during each of the four calendar  
6 quarters preceding such calendar year;

7 (ii) which is covered by media liability insurance for such calendar  
8 year;

9 (iii) which publishes the owner's name pursuant to section three  
10 hundred thirty of the general business law, provided that a digital  
11 publication shall publish the information required by such section on  
12 the website of such publication; and

13 (iv) which receives services from not more than fifteen hundred  
14 persons during such calendar quarter.

15 (C) (a) "Local community" means, with respect to any qualifying publi-  
16 cation, a geographically contiguous area that does not exceed the bound-  
17 aries of:

18 (i) the metropolitan or micropolitan statistical area, as defined by  
19 the federal Office of Management and Budget, in which the qualifying  
20 publication is primarily distributed;

21 (ii) if such qualifying publication is not primarily distributed in a  
22 metropolitan or micropolitan statistical area, the county in which such  
23 qualifying publication is primarily distributed; or

24 (iii) if such qualifying publication is not primarily distributed in a  
25 metropolitan or micropolitan statistical area or a county, the state.

26 (b) A digital publication shall be considered to be primarily distrib-  
27 uted in the area where such publication is primarily consumed.

28 (4) Application to certain organizations exempt from tax. In the case  
29 of any print or digital publication that is published by any organiza-  
30 tion described in section 501(c) of the Internal Revenue Code of 1986  
31 and exempt from tax under section 501(a) of the Internal Revenue Code of  
32 1986, such publication shall be treated as a qualifying publication  
33 under this subsection only if: (i) the publication of print and digital  
34 publications is the primary activity of such organization; and (ii) any  
35 person making a charitable contribution (as defined in section 170(c) of  
36 the Internal Revenue Code of 1986) to such organization may elect to  
37 treat such contribution as an amount paid or incurred for a subscription  
38 to which this subsection applies in lieu of treating such contribution  
39 as a charitable contribution for purposes of section 170 of the Internal  
40 Revenue Code of 1986.

41 (5) Limitation. The credit allowable under this subsection shall be  
42 allowable for a period of five years from the effective date of this  
43 subsection. No credit shall be allowed under this subsection for any  
44 amount paid or incurred by the taxpayer in a taxable year commencing  
45 after the close of the five-year period. No credit shall be allowed  
46 under this subsection for any portion of an amount paid or incurred by a  
47 taxpayer in a taxable year for any subscription or extension thereof  
48 that extends beyond the close of the five-year period beginning on the  
49 effective date of this subsection.

50 § 3. The tax law is amended by adding a new section 24-d to read as  
51 follows:

52 § 24-d. Payroll credit for compensation of journalists. (a) In gener-  
53 al. An eligible local news journalist employer which is subject to tax  
54 under articles nine-A or twenty-two of this chapter shall be allowed a  
55 credit against such tax, to be computed as provided in this section, for  
56 each calendar quarter an amount equal to the applicable percentage of

1 wages paid by such employer to local news journalists for such calendar  
2 quarter.

3 (b) Limitations. (1) The number of local news journalists which may be  
4 taken into account under subdivision (a) of this section with respect to  
5 any eligible local news journalist employer for any calendar quarter  
6 shall not exceed one thousand five hundred.

7 (2) The amount of wages paid with respect to any individual which may  
8 be taken into account under subdivision (a) of this section during any  
9 calendar quarter by the eligible local news journalist employer shall  
10 not exceed twelve thousand five hundred dollars.

11 (3) The provisions of this section shall only apply to the first twenty  
12 calendar quarters beginning after the effective date of this section.

13 (4) The credit allowed by subdivision (a) of this section with respect  
14 to any calendar quarter shall not exceed the applicable employment taxes  
15 (reduced by any credits allowed under subsections (e) and (f) of section  
16 3111 of the Internal Revenue Code of 1986, sections 7001 and 7003 of the  
17 Families First Coronavirus Response Act, and section 2301 of the CARES  
18 Act) on the wages paid with respect to the employment of all the employ-  
19 ees of the eligible newspaper employer for such calendar quarter.

20 (5) This section shall not apply with respect to any eligible local  
21 news journalist employer for any calendar quarter if such employer  
22 elects (at such time and in such manner as the commissioner may  
23 prescribe) not to have this section apply.

24 (6) Any wages taken into account in determining the credit allowed  
25 under this section shall not be taken into account for purposes of  
26 determining any other credit allowed under this chapter.

27 (7) The credit allowable under this section shall be allowable for a  
28 period of five years from the effective date of this section. No credit  
29 shall be allowed under this section for any amount paid or incurred by  
30 the taxpayer in a taxable year commencing after the close of the five-  
31 year period. No credit shall be allowed under this section for any  
32 portion of an amount paid or incurred by the taxpayer in a taxable year  
33 for any wages that extend beyond the close of the five-year period  
34 beginning on the effective date of this section.

35 (c) Definitions. As used in this section, the following terms shall  
36 have the following meanings:

37 (1) "Applicable percentage" means:

38 (A) in the case of each of the first four calendar quarters to which  
39 this section applies, fifty percent; and

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

41 (2) (A) "Eligible local news journalist employer" means, with respect  
42 to any calendar quarter, any employer which: (i) is an eligible local  
43 news organization or a qualifying broadcast station; and (ii) employs  
44 local news journalists.

45 (B) All persons treated as a single employer under subsection (a) or  
46 (b) of section 52 of the Internal Revenue Code of 1986, or subsection  
47 (m) or (o) of section 414 of such Code, shall be treated as one employer  
48 for purposes of this section.

49 (3) "Eligible local news organization" means, with respect to any  
50 calendar quarter, any employer which:

51 (A) publishes one or more qualifying publications during the calendar  
52 quarter,

53 (B) is not a disqualified organization; and

54 (C) did not derive more than fifty percent of its gross receipts for  
55 such calendar quarter from disqualified organizations.

1 (4) "Qualifying broadcast station" means, with respect to any calendar  
2 quarter, any employer which:

3 (A) owns or operates a broadcast station, as defined by section three  
4 of the federal communications act of 1934,

5 (B) is not a disqualified organization;

6 (C) did not derive more than fifty percent of its gross receipts for  
7 such calendar quarter from disqualified organizations; and

8 (D) discloses its ownership to the public at such times and in such  
9 manner as identified by the commissioner.

10 (5) "Local news journalist" means, with respect to any eligible local  
11 news journalist for any calendar quarter, any full time employee who (A)  
12 provides qualified services for an average of not less than thirty hours  
13 per week for each week during which such employee is employed by the  
14 eligible local news journalist employer during the calendar quarter, and  
15 (B) resides within fifty miles of the local community with respect to  
16 the qualifying publication or qualifying broadcast station with respect  
17 to which the qualified services are provided.

18 (6) "Qualified services" means services which consist of gathering,  
19 preparing, directing the recording of, producing, collecting, photo-  
20 graphing, recording, writing, editing, reporting, presenting or  
21 publishing original local community news for dissemination to the local  
22 community.

23 (7) "Qualifying publication" means, with respect to any calendar quar-  
24 ter, any print or digital publication:

25 (A) the primary purpose of which is to serve a local community by  
26 providing local news, which is published during the calendar quarter and  
27 has been published during each of the four calendar quarters preceding  
28 such calendar quarter;

29 (B) which is covered by media liability insurance for such calendar  
30 quarter;

31 (C) which publishes the owner's name pursuant to section three hundred  
32 thirty of the general business law, provided that a digital publication  
33 shall publish the information required by such section on the website of  
34 such publication; and

35 (D) which receives services from not more than fifteen hundred persons  
36 during such calendar quarter.

37 (8) (A) "Local community" means, with respect to any qualifying publi-  
38 cation, a geographically contiguous area that does not exceed the bound-  
39 aries of:

40 (i) the metropolitan or micropolitan statistical area, as defined by  
41 the federal Office of Management and Budget, in which the qualifying  
42 publication is primarily distributed;

43 (ii) if such qualifying publication is not primarily distributed in a  
44 metropolitan or micropolitan statistical area, the county in which such  
45 qualifying publication is primarily distributed; or

46 (iii) if such qualifying publication is not primarily distributed in a  
47 metropolitan or micropolitan statistical area or a county, the state.

48 (B) A digital publication shall be considered to be primarily distrib-  
49 uted in the area where such publication is primarily consumed.

50 (9) "Disqualified organization" means:

51 (A) any organization described in section 501(c)(4) of the internal  
52 revenue code and exempt from tax under section 501(a) of such code;

53 (B) any organization described in section 527 of the internal revenue  
54 code; or

1 (C) any organization that is controlled, directly or indirectly, by  
2 one or more organizations described in subparagraph (i) or (ii) of this  
3 paragraph.

4 (d) Maximum amount of credits. The maximum amount of tax credits  
5 allowed under this section, subdivision fifty-five of section two  
6 hundred ten-B and subsection (w) of section six hundred six of this  
7 chapter in any calendar year shall be one million dollars per eligible  
8 newspaper employer.

9 (e) Administration. The commissioner shall issue such forms,  
10 instructions, regulations, and guidance as are necessary:

11 (1) to allow the advance payment of the credit under subdivision (a)  
12 of this section, subject to the limitations provided in this section,  
13 based on such information as the commissioner shall require;

14 (2) to provide for the reconciliation of such advance payment with the  
15 amount advanced at the time of filing the return of tax for the applica-  
16 ble calendar quarter or taxable year; and

17 (3) with respect to the application of the credit under subdivision  
18 (a) of this section to third-party payors (including professional  
19 employer organizations, certified professional employer organizations,  
20 or agents under section 3504 of the Internal Revenue Code of 1986),  
21 including regulations or guidance allowing such payors to submit  
22 documentation necessary to substantiate the eligible employer status of  
23 employers that use such payors.

24 (f) Treatment of deposits. The commissioner shall waive any penalty  
25 under this chapter for any failure to make a deposit of any applicable  
26 employment taxes if the commissioner determines that such failure was  
27 due to the reasonable anticipation of the credit allowed under this  
28 section.

29 (g) Cross-references. For application of the credit provided for in  
30 this section, see the following provisions of this chapter:

31 (1) article 9-A: section 210-B: subdivision 55.

32 (2) article 22: section 606: subsections (i) and (w).

33 § 4. Section 210-B of the tax law is amended by adding a new subdivi-  
34 sion 55 to read as follows:

35 55. Payroll credit for compensation of journalists. (a) Allowance of  
36 credit. A taxpayer who is eligible pursuant to section twenty-four-d of  
37 this chapter shall be allowed a credit to be computed as provided in  
38 such section against the tax imposed by this article.

39 (b) Application of credit. The credit allowed under this subdivision  
40 for any taxable year shall not reduce the tax due for such year to less  
41 than the amount prescribed in paragraph (d) of subdivision one of  
42 section two hundred ten of this article; provided, however, that if the  
43 amount of the credit allowable under this subdivision for any taxable  
44 year reduces the tax to such amount or if the taxpayer otherwise pays  
45 tax based on the fixed dollar minimum amount, the excess shall be treat-  
46 ed as an overpayment of tax to be credited or refunded in accordance  
47 with the provisions of section one thousand eighty-six of this chapter;  
48 and provided, further, that the provisions of subsection (c) of section  
49 one thousand eighty-eight of this chapter notwithstanding, no interest  
50 shall be paid thereon.

51 § 5. Section 606 of the tax law is amended by adding a new subsection  
52 (w) to read as follows:

53 (w) Payroll credit for compensation of journalists. (1) Allowance of  
54 credit. A taxpayer who is eligible pursuant to section twenty-four-d of  
55 this chapter shall be allowed a credit to be computed as provided in  
56 such section against the tax imposed by this article.

1 (2) Application of credit. If the amount of the credit allowable under  
 2 this subsection for any taxable year exceeds the taxpayer's tax for such  
 3 year, the excess shall be treated as an overpayment of tax to be credit-  
 4 ed or refunded as provided in section six hundred eighty-six of this  
 5 article; provided, however, that no interest shall be paid thereon.

6 § 6. Subparagraph (B) of paragraph 1 of subsection (i) of section 606  
 7 of the tax law is amended by adding a new clause (xlvi) to read as  
 8 follows:

<p>9 <u>(xlvi) Payroll credit for</u>      10 <u>compensation of journalists</u>      11 <u>under subsection (w)</u>      12      13</p>	<p><u>Amount of credit for the sum of</u>  <u>payroll credit for compensation</u>  <u>of journalists under subdivision</u>  <u>fifty-five of section</u>  <u>two hundred ten-B</u></p>
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14 § 7. This act shall take effect immediately and shall apply to tax  
 15 years commencing on and after January 1, 2022; provided that:

- 16 (a) this act shall expire and be deemed repealed January 1, 2027; and
- 17 (b) the expiration and repeal of this act shall not affect the proc-  
 18 essing or allowance of any tax credit provided in this act for any tax  
 19 year commencing prior to January 1, 2027.

20 Effective immediately, the addition, amendment and/or repeal of any  
 21 rule or regulation necessary for the implementation of this act on its  
 22 effective date are authorized to be made and completed on or before such  
 23 date.