

How States Can Strengthen Civic Media

and Local News

A Free Press Action Policy Guide

There's been a lot of talk among local, state and federal lawmakers about the policies needed to "save journalism." Given the critical importance of a civically informed public in a democracy, it's exciting to see policymakers take a serious look at how to cultivate, strengthen and expand news and information at the local level.

Too often, though, much of the debate over journalism policy is framed as a response to the commercial newspaper industry's economic decline. The widespread adoption of the internet broke many daily newspapers by supplanting their dominance over local advertising and the timely distribution of news. But this downturn itself is a symptom of a deeper market failure that many policy interventions do not address.

While policymakers are right to want to do something to support quality local news and information, they need to be explicit about what needs saving and why. Efforts shouldn't focus on bolstering the news as an industry; instead, policymakers should prioritize ways to promote a public good: local accountability journalism and the distribution of its product — news and civic information — to people who need it.

Policymakers must also pay special attention to the long legacy of discrimination in media policy. It's a dangerous dynamic that has resulted in very few Black owners of traditional media outlets. State lawmakers must ensure that any new journalism policies — including policies that incentivize Black ownership and oversight of local news outlets — fully benefit communities of color that have suffered from this legacy.

Civic news and information is by definition a public good, one that was never optimally produced during the newspaper era of the 20th century. The private market alone will not optimally produce this good in the internet era, even with additional indirect funding. State policymakers can best address the local-news market failure by first identifying each local community's critical civic-information needs, and then establishing politically independent mechanisms to directly fund the production of this information. Policies that rely on indirect or implicit funding won't provide the structural support that is essential to the longevity of local news.

Reassess, Reinvest, Replant and Reimagine

Instead of focusing on policies that attempt to turn back the clock to the local-newspaper era, lawmakers should invest in a sustainable and impactful local-journalism ecosystem. Free Press Action suggests four sound approaches to that end and provides examples of some recently introduced state legislation to support local journalism:

REASSESS: Research shows that there has been a precipitous decline in local accountability journalism. While it's safe to assume that regions that have become “news deserts” lack access to this sort of civic information, the problem is more complex in most other local markets. Therefore, the first step is to reassess — to study and understand what a given community’s civic-information needs are, and how those needs are or are not being met. Do certain types of outlets meet these needs in a more effective and efficient manner than others? How do nonprofit and noncommercial outlets serve critical civic-information needs compared to traditional for-profit outlets? To get at these answers, state lawmakers can fund independent surveys of civic-information markets.

EXAMPLE: States have introduced several bills to study issues related to supporting local-news media. Illinois’ [Local Journalism Task Force Act](#), which passed in 2021, established a commission with the mandate to produce legislative remedies, and is currently engaging with experts and local stakeholders.

REINVEST: While the commercial news industry will continue to lobby for subsidies, we strongly urge policymakers to reinvest in local and state public media, specifically in newsrooms and journalism. For too long federal and state public-media policies have focused on subsidies for radio and television broadcasting. It’s far better to fund the production of quality local journalism, regardless of its means of distribution. Policies that reinvest in public-media institutions should aid them in transitioning from a broadcasting-centric model to a local civic-journalism model. Recognizing that reinvestment requires revenues, we urge lawmakers to explore the creation of public-media trust funds, so that after an initial period of capitalization, these trusts can operate completely independent of both commercial and governmental financial support or interference.

EXAMPLE: In 2019, Free Press [proposed a tax on online advertising](#) revenues that would fund a public-interest media endowment. In 2021, Maryland introduced a digital ad tax that would help fund local education (this has been held up in the courts). Other states, including Connecticut, Massachusetts, New York and Texas, are exploring similar options.

REPLANT: There is no turning back the clock to the age of newspaper dominance, but that doesn't mean that these businesses are doomed to fail. We encourage state lawmakers to consider policies that help build a bridge from the commercialized past. Changes to tax policies can help preserve employment levels of working journalists while sustaining local, noncommercial journalism institutions that serve their communities' needs. Offering local newspapers refundable tax credits based on their retention of newsroom employees is one such approach. Lawmakers should also consider policies that would incentivize for-profit firms to "replant" their local papers as nonprofits, either by direct sale to a nonprofit or conversion of an existing for-profit into a new nonprofit.

EXAMPLE: While the federal government has oversight of an organization's nonprofit tax status, states can provide incentives for making this transformation and [encourage funding](#) for new nonprofit structures. For example, states can provide tax credits to individuals and businesses that subscribe to a nonprofit local-news organization or a payroll tax credit for the employment of reporters. States can also direct state advertising buys to nonprofits.

REIMAGINE: Even if it's funded and produced, civic-minded journalism may fail to reach an intended audience to meaningfully capture all potential social benefits. We urge lawmakers to reimagine how critical civic information gets distributed and introduce legislation that helps bring together journalists with their communities and other civic organizations. Lawmakers should support hyperlocal nonprofit networks, administered via local educational institutions, nonprofits and libraries. Such alternatives can serve the role of a true local digital town square, and increase the likelihood that impactful journalism reaches the largest possible audience.

EXAMPLE: In 2018, New Jersey passed the Civic Info Bill, which created a [first-of-its-kind independent nonprofit](#) to invest public and philanthropic dollars into hyperlocal news coverage and boost civic engagement across the state. So far, the New Jersey Civic Information Consortium has distributed more than \$6 million to dozens of innovative local outlets and will distribute an additional \$4 million in 2024. In 2022, California's legislature [allocated \\$25 million](#) to the University of California at Berkeley to provide fellowships to reporters in California newsrooms. Similar measures have passed in New Mexico and Washington.



New Jersey advocates called on the state legislature to pass the Civic Info Bill, creating a new funding mechanism for local news and information.

Photo: Timothy Karr

What doesn't work:

First, state legislators should not provide funding to existing publishers and broadcasters via convoluted and indirect schemes that disrupt the online flow of information. One such bad approach is the [California Journalism Preservation Act](#) (CJPA), which is based on the deeply flawed idea that a search engine returning a clickable link or a social-media platform allowing users to share links are acts that require compensation. In reality, this information sharing benefits news businesses — driving attention (and revenues) to their outlets. Being found online is essential to local newspapers, as it's their best method for attracting site visitors and converting frequent readers into paid subscribers. Moreover, the CJPA's "link tax" does nothing to ensure that revenues underwrite the production of local accountability journalism and civic information. A [recent Free Press Action study](#) finds that California's locally focused independent, nonprofit and ethnic media outlets would receive very little as a result of the legislation. Instead, much larger payments would flow to wealthy broadcast-television firms, hedge funds and nationally focused news and entertainment outlets. And the CJPA gives a greenlight to the kinds of clickbait and pink-slime journalism that may generate online views (and link-tax revenues) but don't serve communities' civic news-and-information needs.

Second, local commercial television doesn't need public funding. Over the past two decades, the local broadcast-TV industry saw its inflation-adjusted revenues grow. Yet despite these growing financial fortunes, local-TV news has not filled the civic-information void created by the closure of more than 2,000 local newspapers over the past two decades. Instead, broadcasters have maximized their profits through cost cutting, including newsroom layoffs and an increased reliance on nationally syndicated news stories to fill out their news programming. There is no public-policy rationale for subsidizing broadcasters, nor any reason to expect that additional broadcaster subsidies would meaningfully increase the production of specific types of civic news and information.