
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair
2023 - 2024 Regular Session

SB 1327 (Glazer) - Income taxation: credits: local news media: data extraction transactions

Version: May 2, 2024

Urgency: Yes

Hearing Date: May 16, 2024

Policy Vote: REV. & TAX. 4 - 1

Mandate: Yes

Consultant: Robert Ingenito

Bill Summary: SB 1327 would (1) impose a Data Extraction Mitigation Fee, as specified, (2) enact credits against the Personal Income and Corporation taxes for news media entities that pay wages for current or newly employed journalists, and (3) utilize the Fee revenue to reimburse foregone General Fund revenue resulting from the credits.

******* ANALYSIS ADDENDUM – SUSPENSE FILE *******

**The following information is revised to reflect amendments
adopted by the committee on May 16, 2024**

Fiscal Impact:

- The Franchise Tax Board (FTB) estimates that, for every \$1 million in qualified wages paid, revenue loss to the General Fund would be \$440,000.
- FTB estimates that for every \$5 billion in gross receipts derived from data extractions transactions nationally, the estimated state revenue gain would be \$50 million.
- FTB's annual costs to administer the bill have yet to be determined, but minimally would be in the hundreds of thousands of dollars (General Fund).

Author Amendments:

- Develop another category for publishers with five or fewer employees and adjust tax credit.
- Prioritize funding for qualified small publications.
- Specify that eligible local news organizations must publish 24 or more qualifying publications during the taxable year.
- Define that a qualified small publication provides qualified services for an average of not less than 30 hours per week for each week the employee is employed by the qualified taxpayer who is a qualified small publication
- Define "qualified small publication" to be an eligible news media entity with five or fewer full-time employees throughout the taxable year.

- Allocate \$10 million to the UC Berkeley California Local News Fellowship program, and \$5 million annually to establish a program to provide fellowships for hiring, training, and career progression for journalists and media professionals from historically underrepresented and marginalized backgrounds to support their professional growth, as specified.
- Add coauthors.

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