

ASSEMBLY THIRD READING
AB 2222 (Ward)
As Amended April 22, 2026
2/3 vote

SUMMARY

Allows a refundable tax credit to a local news organization for the hiring and retention of qualifying journalists.

Major Provisions

- 1) Allows, for taxable years beginning on or after January 1, 2027, and before January 1, 2032, a credit under the Personal Income Tax (PIT) and Corporation Tax (CT) Laws to a qualified taxpayer (local news organization), equal to \$20,000 for each of the first five qualifying journalists employed by the taxpayer and \$15,000 for each subsequent qualifying journalist employed by the taxpayer, as well as a credit of \$15,000 for each qualifying journalist in a "new journalism position", as defined.
- 2) Defines the following terms:
 - a) "Qualified taxpayer" means a local news organization that is organized in California, or legally registered to conduct business within California for at least 12 months prior to the start of the taxable year that satisfies all the following:
 - i) Operates a qualifying digital news outlet, qualifying broadcast station, or qualifying print publication;
 - ii) Publicly discloses all of its beneficial owners, or its board of directors if the taxpayer is a nonprofit entity, on its internet website or in its publication;
 - iii) Carries active media liability insurance coverage continuously for the taxable year;
 - iv) Is not controlled, directly or indirectly, by either of the following:
 - 1) A political action committee or other entity described in Internal Revenue Code (IRC) section 527; or,
 - 2) An organization that is exempt from federal income taxation pursuant to IRC section 501(c)(4);
 - v) Maintains and publicly displays an editorial policy for error correction and clarification that includes an accessible process for reporting errors and complaints; and,
 - vi) Has not received more than 15% of its gross revenues in the previous two taxable years from disqualified organizations, except if those payments are for political advertising during the lowest unit windows and using comparable rates as determined by the Federal Communications Commission (FCC) in its campaign advertising rate rules.

- b) "Qualifying journalist" means an individual that satisfies all of the following:
- i) Is employed by, or the sole proprietor of, a qualified taxpayer on a full-time basis of at least 30 hours per week with annualized wages, salary, or passthrough income of \$35,000 or more during the taxable year;
 - ii) Has primary job duties that occur in California and consist of gathering, preparing, directing the recording of, producing, collecting, photographing, recording, writing, editing, reporting, presenting, or publishing state or local community news, including roles such as reporter, correspondent, photographer, videographer, editor, and digital producer; and,
 - iii) Resides within California.
- 3) Provides that the credits are refundable and requires the balance be paid from the Tax Relief and Refund Account or the Corporation Tax Fund, thus making appropriations from continuously appropriated funds.
- 4) Declares the goal and performance indicators for the new tax expenditures and requires the Franchise Tax Board (FTB) to submit an annual report to the Legislature with certain tax credit data.

COMMENTS

- 1) *Journalism in the digital era*: As the underlying business realities of news media have changed, so too have the organizational forms of publications themselves. Without the barriers to entry posed by large printing and distribution requirements, the internet has enabled smaller publications to reach large audiences. Additionally, there is a growing recognition that local newsgathering and reporting constitutes a public good, driving some publications to reorganize as tax-exempt nonprofit corporations or start new organizations altogether.

Still, digital-first nonprofit newsrooms are generating only a fraction of the revenue of the newspaper industry from 20 years ago, and their "earned revenue" through things such as subscriptions and memberships makes up only about one-quarter to one-third of their total funding.¹ The remaining revenue largely comes from philanthropy, including large foundations. While the nonprofit model is celebrated by many, a publication's nonprofit status may restrict their ability to endorse candidates or ballot measures, which was a traditionally important role played by newspapers and editorial boards.

This bill recognizes the shifting landscape of journalism and provides the tax credits under both the PIT Law and the CT Law. Additionally, to ensure that tax-exempt nonprofit publications benefit from these credits, this bill makes the credits refundable. Refundable tax credits allow a taxpayer to receive money from the state by claiming the full cash value of the credit amount that is in excess of their tax liability. This design enables taxpayers with

¹ Eric Rynston-Lobel, "Nonprofit newsrooms have grown, but they still generate a fraction of what newspapers once did," *Poynter*, April 7, 2026, <https://www.poynter.org/business-work/2026/nonprofit-newsroom-revenue-philanthropy/>.

little to no tax liability to benefit from the credit and has historically been used to target state resources to individuals in deep poverty.

This bill also includes a number of safeguards to prevent these credits from being claimed by illegitimate news organizations. To qualify for the credits, a publication must disclose on its website all of its beneficial owners or its board of directors if it is a nonprofit entity, maintain active media liability insurance throughout the year, and maintain and publicly display an editorial policy for error correction and clarification. Entities that are controlled, directly or indirectly, by political action committees or a 501(c)(4) organization or that receive more than 15% of their gross revenues in the previous two taxable years from such entities are not eligible for the credits.

According to the Author

The author has provided the following statement in support of this bill:

Local journalism plays an essential role in strengthening democracy and civic engagement by ensuring communities have access to reliable information about local government, schools, and public safety. Yet across the country and in California, local news organizations are facing unprecedented financial challenges that have led to widespread newsroom closures and a dramatic decline in the number of journalists covering local communities.

AB 2222 provides targeted relief to local news organizations by creating a refundable tax credit tied directly to the employment of journalists. By helping offset the cost of retaining and hiring reporters, photographers, editors, and other newsroom staff, this bill aims to stabilize local news outlets and encourage greater investment in original reporting that serves California communities.

Supporting local journalism means supporting informed communities, stronger civic participation, and greater transparency in government. AB 2222 represents a practical step to help sustain the journalists who provide Californians with the trusted local reporting they depend on every day.

Arguments in Support

This bill is sponsored by Rebuild Local News, which notes, in part:

The Community NEWS Act is a First Amendment-friendly policy that would create refundable tax credits for California local news organizations based on the number of journalists they employ, with enhanced benefits for the smallest community newsrooms and outlets creating new journalist jobs. Local print, digital, and broadcast outlets would benefit regardless of whether they are for-profit businesses, 501(c)3 nonprofits or sole proprietorships. Similar versions of this approach have been recently enacted in Illinois, New York and New Mexico with broad support from lawmakers and local news stakeholders.

Our communities need action to address the local news crisis. California has one of the lowest levels of local reporting capacity in the United States, according to the Local Journalist Index developed by Muck Rack and Rebuild Local News. In 2002, the U.S. employed roughly 40 full-time local journalists per 100,000 residents. Since then, California has lost nearly 34 journalists per 100,000 residents. California has an

estimated 2,386 full-time local journalists left — just over six per 100,000 residents — ranking 42nd out of all 50 states in the nation.

Arguments in Opposition

None on file.

FISCAL COMMENTS

According to the Assembly Committee on Appropriations:

- 1) General Fund (GF) revenue loss of approximately \$22 million in fiscal year (FY) 2026-27, \$50 million in FY 2027-28, and \$49 million in FY 2028-29.

By reducing state PIT and CT revenue, this bill also likely decreases Proposition 98 GF spending by approximately 40% of the revenue loss (the exact amount depends on the operative test of the annual Proposition 98 guarantee).

- 2) Costs of an unknown amount to the FTB to administer the refundable credit and report related data to the Legislature (GF).

The Legislative Analyst's Office recently warned of GF structural deficits of around \$35 billion per year in the 2027-28 fiscal year and ongoing.

VOTES

ASM REVENUE AND TAXATION: 5-2-0

YES: Gipson, Carrillo, McKinnor, Quirk-Silva, Michelle Rodriguez

NO: Sanchez, DeMaio

ASM APPROPRIATIONS: 12-2-1

YES: Wicks, Aguiar-Curry, Calderon, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache

NO: Hoover, Tangipa

ABS, ABST OR NV: Ta

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