

ASSEMBLY THIRD READING
AB 2222 (Ward)
As Amended May 21, 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, \$15,000 for each subsequent qualifying journalist employed by the taxpayer, \$15,000 for each qualifying journalist in a "new journalism position", as defined, *and \$7,500 for each qualifying part-time journalist.*
- 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) Maintains and publicly displays an editorial policy for error correction and clarification that includes an accessible process for reporting errors and complaints; and,
 - v) 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).
 - b) "Qualifying journalist" means an individual that resides in California and satisfies both 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 *for more than 26 weeks* 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,
- c) "Qualifying part-time journalist" means an individual that resides in California and satisfies both of the following:
- i) Is employed by a qualified taxpayer on a part-time basis of at least 20 hours per week but less than 30 hours per week for more than 26 weeks, with annualized wages or salary of no less than \$25,000 during the taxable year; and,
 - 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.
- d) "Qualifying broadcast station" means a broadcast station that is either licensed to a community of license located within California by the Federal Communications Commission (FCC) or is a nonprofit organization exempt from federal income taxation pursuant to IRC Section 501(c)(3) and satisfies either of the following:
- i) Received a community service grant from the corporation for Public Broadcasting prior to the 2025-26 fiscal year; or,
 - ii) Employs qualifying journalists on behalf of a university-licensed public broadcaster.
- 3) Provides that the credits are refundable, *do not reduce amounts owed pursuant to the tentative minimum tax*, 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

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.

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 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 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

UPDATED

VERSION: May 21, 2026

CONSULTANT: Wesley Whitaker / REV. & TAX. / (916) 319-2098

FN: 0003116