

December 5, 2023

Chair Thomas J. Umberg
Committee on Judiciary
California State Senate
1021 O Street
Sacramento, CA 95814

Re: The Importance of Journalism in the Digital Age

Dear Chair Umberg and Committee Members:

I write today to applaud the Senate Judiciary Committee's commitment to supporting journalism in the digital age and to express caution about a well-intentioned bill that could nonetheless undermine, rather than strengthen, local news in California: the California Journalism Preservation Act ("CJPA").

I am a California native and resident, and I am the co-CEO of Free Press Action, a national, non-partisan, non-profit organization with more than 100,000 members in the state. At Free Press Action, we believe that positive social change, racial justice, and meaningful engagement in public life require equitable access to technology, diverse and independent ownership of media platforms, and journalism that holds leaders accountable and tells people what's actually happening in their communities.

I know and appreciate how committed the state legislature is to bolstering local news and civic information. Last year Free Press Action engaged extensively with lawmakers in the creation of the California Local News Fellowship program, which trains, pays, and places journalists in newsrooms across the state. My colleague, Mike Rispoli, sits on its advisory board. We are incredibly proud to be associated with such a bold and historic initiative, one keenly targeted at meeting communities' information needs.

Of course, far more must be done to address the news and information deficit plaguing California. Since 2004, we have lost [25 percent of our newspapers and total news circulation has dropped more than 50 percent](#). Corporate chains and hedge funds continue to buy up local outlets, extracting what profits they can while hollowing out the newsgathering side of the business. The consequences of this ongoing deterioration extend far beyond the industry itself. As more and more newsrooms shutter and shrink, California residents lose our access to robust, diverse, and independent journalism that helps us understand what's happening in our communities.

The benefits of a healthy local news environment, meanwhile, are many. Research has shown that strong local journalism can [increase voter turnout, counter polarization, and save public dollars](#). Yet the market alone cannot and will not save us. Given the democratic and societal

stakes of this market failure, it is increasingly clear that lawmakers must take careful action to bolster local media infrastructure and allocate resources towards local reporting.

In this brief letter, I outline principles and proactive proposals to address these problems, attaching research and analysis for the Committee's consideration.

I. The Community-Centric Local News Policies That Californians Need

Journalism policy should be focused on meeting the news and information needs of the public. Public policy interventions should promote local accountability journalism and the distribution of news and civic information to people who need it, and begin to redress the harms that people of color have experienced at the hands of big media barons. Lawmakers should prioritize the local ethnic, independent, and nonprofit newsrooms that put the people they serve above profit.

Pursuing policies that support professional news production is another strategy — but measures that solely focus on propping up advertising-supported newspapers or broadcasters are misguided. These revenue models are [irreversibly in decline](#) and some of these entities have propped up disinformation, hate, and division — and more broadly, have failed to meet community information needs even before the downfall of the corporate journalism model.

Journalism policies ought to lower the barriers to entry for journalism for and by people of color and others who have long been under- and misrepresented in the media. A legacy of racism and discrimination in our media system has fostered [low rates of media ownership](#) by people of color, and research has shown the mainstream media [overrepresents communities of color in crime coverage](#) and [underrepresents](#) us in non-crime coverage. Free Press' [Media 2070](#) project, the Los Angeles-based [National Hispanic Media Coalition](#), the [Kerner Commission](#), and many others have documented this history at length. With our state's immense diversity, our ethnic media is not nearly as robust or as well-supported as it could and should be; it [faces all the same economic struggles](#) as legacy commercial media, yet with less access to capital and support.

Free Press Action supports solutions that prioritize community needs and racial equity. Attached to this letter is Free Press Action's [policy guide](#) that lays out four sound approaches to bolstering local journalism:

- **Reassess:** A strong first step is 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 news markets or undertake community listening sessions.
- **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. In addition to supporting existing public media institutions,

lawmakers should explore other ways to direct public funds towards impactful noncommercial media, such as independent grantmaking bodies.

- **Replant:** Lawmakers should consider policies that help build a bridge from journalism’s commercialized past to a better future. New tax credits can help preserve employment levels of working journalists while sustaining local, noncommercial journalism institutions that serve their communities’ needs. Lawmakers can also pursue policies that 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.
- **Reimagine:** As the commercial news industry contracts, lawmakers should direct their energy towards what’s actually working in local news — mainly, the news methods and local journalism models that have emerged to fill coverage gaps. Participants in a burgeoning civic media movement, in California and beyond, are rethinking how to deliver news and information in innovative ways, such as partnering with local libraries and nonprofit networks. Lawmakers should focus on policies that serve people’s needs for civic information rather than primarily concerning themselves with incumbent news providers’ demands. This focus would direct support to all of the outlets communities are using to solve the local news crisis and increase the likelihood that impactful journalism reaches the largest possible audience.

II. Avoiding the Unintended Consequences of Faulty Solutions to Local News Gaps

As the local news and civic information crisis has deepened — and as its impacts on community health and our democracy have become more evident — there has been a surge of interest from lawmakers across the country. In particular, lawmakers have explored tapping into tech platforms’ revenues to fund a news industry that is struggling to stay afloat in the digital economy.

At the federal level, the Journalism Competition and Preservation Act has stagnated in Congress. This bill would change federal antitrust law so that publishers could form cartels and force tech platforms into a one-sided arbitration process, with an end goal of forcing platforms to pay publishers for hosting links to their content.

California lawmakers took inspiration from the JCPA and advanced the CJPA this year. However, since states cannot amend federal antitrust law, the CJPA model requires platforms to compensate all qualifying news outlets based on the number of times a platform presents a link to those outlets’ websites.

In essence, the CJPA is a link tax. In Australia, Rupert Murdoch’s News Corp. joined two other massive conglomerates in 2021 to pass a similar law that forced platforms to negotiate with news outlets if they wanted to share links to their stories. After the bill took effect, the large conglomerates reaped most of the benefits: News Corp., Seven West Media, and Nine Entertainment took home [roughly 90 percent](#) of the \$200 million that Google and Facebook paid out to news outlets.

A similar dynamic would play out in California if the CJPA were enacted as currently written. According to Free Press Action research, which [analyzed the traffic distribution of CJPA-eligible outlets](#), the legislation would result in a windfall to wealthy broadcast television firms, hedge funds, and nationally-focused news and entertainment outlets. Giant corporations would receive nearly all the CJPA payments coming from Meta and Alphabet, while locally-focused independent, nonprofit, and ethnic media outlets would receive very little funding.

This could have disastrous consequences for the civic health and well-being of California's communities. Money would flow into the pockets of corporate chains and hedge funds, funding entities that are actively hollowing out local newsrooms to grow their bottom lines. Media conglomerates like Sinclair and Murdoch's News Corp. have repeatedly promoted narratives that demonize and dehumanize communities of color, feeding a [rising wave of hate](#) and anti-immigrant sentiment in our beautifully diverse state. Yet, these out-of-state entities are set to be some of the top beneficiaries of the CJPA.

More broadly, since the CJPA rewards traffic and clicks above public interest journalism, the news environment in California would deteriorate even further into a morass of sensationalism and clickbait. The potential rise in misinformation that lies ahead would disproportionately harm communities of color and immigrant communities, who are repeatedly [targeted by bad media actors](#) set on sowing distrust and discouraging us from civic engagement.

Smaller news outlets — which are often closest to their communities and most in tune with their needs — are doing incredible work to plug information gaps and combat the worst tendencies of our media system. Unfortunately, under the CJPA, they would reap little to no gains while their wealthy (and largely white-owned) competitors would be best positioned to take advantage of the bill's incentive structure.

This is why the CJPA has been roundly opposed by a diverse set of local publishers, pro-democracy advocates, and community voices in California. In a [letter](#) to lawmakers this summer, more than a dozen organizations outlined the stakes of this moment:

“We commend the committee’s interest in addressing the local-journalism crisis. But legislation that primarily benefits TV conglomerates, hedge funds, out-of-state publications and all manner of large publishers producing low-quality content will not address the real problem. California residents need policies that would expand public-interest journalism and increase the number of journalists covering their communities. They do not need a bill that would exacerbate the spread of online hate and misinformation and make it harder for people to access trustworthy news.”

III. Better Ways to Support Local News

Although I believe that the CJPA is a flawed approach, I know — based on a lovely conversation with the bill's sponsor, Assemblymember Buffy Wicks — that the motivations behind the bill are

sincere and well-intended. Lawmakers are right to look to tech platforms' revenues as a potential source of funding to encourage the production of quality local journalism. The legislature can and should act on these motivations, but there are better ways to do so than by passing the CIPA.

For one, instead of imposing a link tax and all of the harmful consequences that come with it, lawmakers could impose a small tax on the massive targeted-advertising revenues generated by tech platforms. After a period of initial capitalization, this fund could grow to the point where it could operate completely independently of both commercial and governmental financial support, eliminating the need for a permanent tax.

Once this funding has been secured, it could be applied towards any number of targeted solutions that directly address the information needs of California residents. Last year, for instance, state lawmakers created the historic California Local News Fellowship program, an immensely successful initiative that's placing reporters in the communities most in need of thorough, consistent reporting. The money secured through the ad tax on tech platforms could give the fellowship the permanent base of funding it needs.

Another option for lawmakers is to create an independent public grantmaking body to invest in public-interest local journalism, similar to the [New Jersey Civic Information Consortium](#). To date, the consortium has distributed [over \\$5 million in funding](#) to more than 80 grantees, with a vast majority of these grants going towards projects led by people of color and initiatives focused on bridging information gaps in low-income communities, communities of color, and rural communities. A similar program in California, scaled up in accordance with the state's budget and resources, would have an immense impact — and given California's leadership on the national stage, serve as a beacon for other states to follow.

Thank you again for soliciting public input. I look forward to working with this committee and welcome any additional questions.

Sincerely,

Jessica J. González
Co-CEO of Free Press Action