



Bill Analysis

Author: Ward, et al.

Sponsor:

Bill Number: AB 2222

Related Bills: See Legislative
History

Amended: May 21, 2026, and
May 22, 2026

SUBJECT

Local News Organization Refundable Tax Credit

SUMMARY

This bill, under the Personal Income Tax Law (PITL) and Corporation Tax Law (CTL), would, for taxable years beginning on or after January 1, 2027, and before January 1, 2032, allow a refundable tax credit to a local news organization for the hiring and retention of qualifying journalists.

RECOMMENDATION

No position—The three-member Franchise Tax Board has not formally voted or taken a position on this bill.

SUMMARY OF AMENDMENTS

The May 21st amendments modified the definitions of “qualified taxpayer,” “qualifying broadcast station,” “qualifying print publication,” and “qualifying journalist;” defined and added “qualifying part-time journalists” to the credit calculation; clarified how the credit would be calculated and that the credit would not reduce tax below the tentative minimum tax (TMT) under the PITL or the CTL or the minimum franchise tax under the CTL; modified the credit ordering under the CTL; modified the Section 41 reporting requirements; and removed and added co-authors.

The May 21st amendments resolved one implementation consideration and part of another implementation consideration discussed in the Franchise Tax Board’s (FTB) analysis of the bill as amended April 22, 2026, and created two new implementation considerations and one new technical consideration. In addition, these amendments resolved three of the four policy considerations discussed in FTB’s prior analysis.

The May 22nd amendments added a co-author.

REASON FOR THE BILL

The reason for the bill is to incentivize the hiring and retention of journalists in California.

ANALYSIS

This bill, for taxable years beginning on or after January 1, 2027, and before January 1, 2032, would allow a tax credit to a qualified taxpayer equal to the sum of the following:

- \$20,000 for each qualifying journalists employed by the qualified taxpayer, not to exceed five qualifying journalists.
- \$15,000 for each qualifying journalist in excess of five employed by the qualified taxpayer.
- An additional \$15,000 for each qualifying journalist in a new journalism position.
- An additional \$7,500 for each qualifying part-time journalist employed by the qualified taxpayer.

The bill would include the following definitions:

- **“New journalism position”** means the difference, but not below zero, of the average number of qualifying journalists employed by the qualified taxpayer, or by any trade or business acquired by the qualified taxpayer during the taxable year, per day during taxable year, rounded to the nearest whole number, minus the average number of qualifying journalists employed per day during the prior taxable year, rounded to the nearest whole number.
- **“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 would satisfy all the following:
 - Operates a qualifying digital news outlet, qualifying broadcast station, or qualifying print publication.
 - 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.
 - Carries active media liability insurance coverage continuously for the taxable year.
 - Maintains and publicly displays an editorial policy for error correction and clarification that includes an accessible process for reporting errors and complaints.
 - Is not controlled, directly or indirectly, through one or more intermediaries, by a disqualified organization. A **“disqualified organization”** is either of the following:
 - A political action committee or other entity described in Internal Revenue Code (IRC) section 527.
 - An organization that is exempt from federal income taxation pursuant to IRC section 501(c)(4).

- **“Qualifying broadcast station”** means a broadcast station that satisfies either of the following:
 - Is licensed to a community of license located within the state by the Federal Communications Commission pursuant to Section 307 of Title 47 of the United States Code.
 - Is a nonprofit organization exempt from federal income taxation pursuant to IRC section 501(c)(3) and satisfies either of the following:
 - Received a community service grant from the Corporation for Public Broadcasting prior the 2025-26 fiscal year.
 - Employes qualifying journalists on behalf of a university-licensed public broadcaster.
- **“Qualifying digital news outlet”** means an entity that publishes news and information about the state or a local community within the state at least monthly during the taxable year and can demonstrate, with data on digital subscribers or traffic, to have at least 33% of its audience located within the state during the taxable year.
- **“Qualifying journalist”** means an individual that satisfies the following:
 - 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.
 - Has primary job duties that occur in the state 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.
 - Resides within the state.
- **“Qualifying part-time journalist”** means an individual that satisfies all of the following:
 - 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.
 - Has primary job duties that occur in the state and consist of gathering, preparing, directing the recording of, producing, collecting, photographing, recording, writing, editing, reporting, presenting, or publishing state or local community news for dissemination to the local community, including roles such as reporter, correspondent, photographer, videographer, editor, and digital producer.
 - Resides within the state.

- “Qualifying print publication” means either of the following:
 - A local newspaper or news magazine publisher with periodicals mailing privileges from the United States Postal Service that publishes at least monthly during the taxable year and maintains its known office of publication for the original entry for periodicals mailing privileges within the state or can demonstrate that at least 33% of its print distribution is to locations within the state during the taxable year.
 - A newspaper of general circulation adjudicated by a California court.

This bill specifies any credit in excess of the tax liability would be credited against other amounts due with any remaining balance being refunded to the taxpayer from the Tax Relief and Refund Account or the Corporation Tax Fund, as applicable.

The bill also specifies that no other credit would be allowed in relation to the hiring or employment of any qualified journalist or any qualifying part-time journalist.

Additionally, this bill would not allow the credit to reduce the “net tax” below the TMT under the PITL or the “tax” below the TMT under the CTL; or “tax” below the \$800 minimum franchise tax under the CTL. This bill would also modify the credit ordering within the CTL to include this credit within the CTL hierarchy of tax credits, which specifies the order in which credits would be allowed. Under the CTL, this credit would be applied after credits that have refundable provisions.

The bill includes Revenue and Taxation Code section 41 requirements that would provide that the measurement of effectiveness of the credit would be the number of taxpayers allowed the credits under the PITL and CTL and the total dollar amount of the credits allowed. The FTB would be required to report to the legislature listing the qualified taxpayers allowed a credit, the amount of credits awarded to each qualified taxpayer, the total number of qualifying journalists whose positions were supported by the credits, the geographic distribution of credits by county within the state and the total dollar amount of credits allowed no later than April 1, 2029, and annually thereafter. In addition, the FTB would be required to publish a version of the report on their internet website, while ensuring that any proprietary financial information regarding the operation of qualified taxpayers remains confidential.

The Section 41 reporting requirements would be treated as an exception to the general prohibition against disclosure of confidential taxpayer information.

The credit would be repealed on December 1, 2032.

Effective/Operative Date

This bill would be effective January 1, 2027, and specifically operative for taxable years beginning on or after January 1, 2027, and before January 1, 2032.

Federal/State Law

Federal and state laws provide various tax credits designed to provide tax relief for taxpayers who incur certain expenses (e.g., child adoption) or to influence behavior, including business practices and decisions (e.g., research credits, hiring credits). These credits generally are designed to provide incentives for taxpayers to perform various actions or activities that may not otherwise be undertaken.

There is no comparable credit in federal or state law.

State Law

Unless explicitly provided, under the PITL and CTL, credits generally do not reduce regular tax below TMT for purpose of calculating the alternative minimum tax. **There are numerous credits that are allowed to reduce the "net tax" below the TMT, such as solar energy credits, the College Access Tax Credit, and the California Competes Tax Credit.** Credits may be carried over for the specified carryover period until exhausted, even if the credit is repealed. Current state law also provides the order for credits to be **allowed against the "net tax" or "tax," respectively.**

Legislation that would create a new tax expenditure, which includes a credit, deduction, exemption, or any other tax benefit as provided for by the state, is required to include specific goals, purposes, objectives, detailed performance indicators and data collection requirement measures to allow the Legislature to evaluate the effectiveness of the tax benefit.

Implementation Considerations

The FTB has identified the following considerations and is available to work with the **author's office to resolve these and other** considerations that may be identified.

The bill defines "qualifying digital news outlet" as a publication that must have at least 33% of its audience located within the state during the taxable year but lacks clarity on whether "audience within the state" means residents in the state or traffic to the website from locations within the state.

The bill would require the FTB to produce a report listing the qualified taxpayers allowed a credit and the amounts of credits awarded to each qualified taxpayer. The FTB cannot report on individual taxpayer data. It is recommended that the bill be amended to change this requirement to the number of total taxpayers allowed the credit and the total dollar value of credits allowed or the average dollar amount per qualified taxpayer.

Technical Considerations

Under the PITL, because tax credits cannot reduce regular tax below TMT unless explicitly provided, Section 17053.76(d) can be removed.

Under the CTL, because tax credits cannot reduce regular tax below TMT unless explicitly provided and cannot reduce the \$800 franchise minimum tax, Section 23633(d) can be removed.

For consistency of terminology between the PITL and CTL, in Section 26333(b)(5)(B), it is recommended that “occur in this state and” be inserted after “that” and before “consist.”

Policy Considerations

This bill would allow taxpayers in certain circumstances to claim multiple tax benefits for the same item of expense. If this is contrary to the author's intent, the author may wish to amend the bill.

LEGISLATIVE HISTORY

AB 886 (Wicks, et al., 2023/2024), under the Civil Code, would have created the California Journalism Preservation Act, which would have required a covered platform, to remit a journalism usage fee to an eligible digital journalism provider, in an amount determined by a prescribed arbitration process; would have required the provider to spend at least 70% of the fee received on news journalists and support staff; and prohibited retaliation against a provider who exercised their right to demand the fee. AB 886 did not pass out of the Senate by the required deadline.

SB 1327 (Glazer, 2023/2024), under the PITL and CTL, for taxable years beginning on or after January 1, 2024, and before January 1, 2029, would have provided a credit to a qualified taxpayer who pays or incurs costs for qualified services related to local news media and who receives a credit reservation from the FTB. SB 1327 did not pass out of the Assembly by the required deadline.

PROGRAM BACKGROUND

None noted.

OTHER STATES' INFORMATION

None noted.

FISCAL IMPACT

FTB's costs to implement this bill have yet to be determined. As the bill moves through the legislative process, costs will be determined.

ECONOMIC IMPACT

Revenue Estimate

This bill would result in the following revenue loss:

Estimated Revenue Impact of AB 2222 as Amended May 22, 2026

Assumed Enactment after June 30, 2026

(\$ in Millions)

Fiscal Year	Revenue
2026-2027	-\$24
2027-2028	-\$55
2028-2029	-\$55

This analysis does not account for changes in employment, personal income, or gross state product that could result from this bill or for the net final payment method of accrual.

Revenue Discussion

Based on public data available, it is estimated that approximately 600 local news organizations in California employ approximately 3,300 qualified journalists and qualified part-time journalists. After adjusting for the provisions specified in the bill as amended and applying the specified credit amounts, the estimated revenue loss is approximately \$52 million in the 2027 taxable year.

The tax year estimates are converted to fiscal year estimates and then rounded to arrive at the amounts reflected in the above table.

LEGAL IMPACT

None noted.

EQUITY IMPACT

None noted.

APPOINTMENTS

None noted.

SUPPORT/OPPOSITION

Assembly Revenue and Taxation Committee Report, dated April 17, 2026

Support

Asian American Journalists Association, Los Angeles

California Independent News Alliance

California State University Journalism Chairs

Latino Media Collaborative

Media Alliance

Media Guild of the West, NewsGuild-CWA Local 39213

Pacific Media Workers Guild (the NewsGuild-communications Workers of America Local 39521)

Rebuild Local News

SAG-AFTRA

Opposition

None on file.

ARGUMENTS

Assembly Floor Analysis, dated May 26, 2026

Proponents

The 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.

Opponents

None on file.

LEGISLATIVE CONTACT

FTBLegislativeServices@ftb.ca.gov