



Testimony from Doug Hardy, co-owner of CTNewsJunkie and the Independent Media Network, in support of SB 23, An Act Concerning Benefit Corporations And Encouraging Social Enterprise

As you are likely well aware, the business models that have supported the news industry - an industry that plays an absolutely crucial role in our Democratic process - have been badly disrupted, not only by new technology and changes in peoples' preferences for how they consume their news, but also through a relentless series of corporate acquisitions.

As a result, since 2000 the United States has been hemorrhaging newspaper jobs. According to the Poynter Institute, the number of full-time editorial newspaper jobs dipped to 38,000 nationwide in 2012, down by a third from the industry's peak of 56,400 in 2000. The 2012 figure also represented a full 30 percent decrease in jobs just since 2006.

<http://www.poynter.org/latest-news/business-news/the-biz-blog/216617/asne-census-finds-2600-newsroom-jobs-were-lost-in-2012/>

<http://newsosaur.blogspot.com/2011/12/newspaper-job-cuts-surged-30-in-2011.html>

So, the economics of journalism are experiencing a once-in-a-lifetime shift. These companies, and the people who used to work in their newsrooms, need some new options and we believe that current corporate structures are part of the problem.

Here in Connecticut and elsewhere around the state, corporate-owned newspapers and newspaper chains have been sold and cannibalized, re-sold and re-cannibalized, re-sold and re-cannibalized and onward. They have become only a shell of what they once were in both their level of employment and in their coverage. In many cases, corporate newspaper owners have simply closed the doors and moved on to their next victims.

Because of the Internet, legacy media institutions have lost their monopoly on distribution. There are lots of transitions under way and smart publishers are changing their revenue models in an effort to survive, but it remains difficult to make a living through web-based news operations.

So while the Internet truly has democratized the publishing industry through the distribution side, the revenue side is still catching up. We are continually trying out new revenue models in an effort to maintain as much news coverage as possible.

"We" are the Independent Media Network, an offshoot of CTNewsJunkie. We have been sharing advertising revenue with new, independent online publishers throughout Connecticut since 2010, working as a business incubator to help "newly entrepreneurial" reporters get their web publications off the ground. In fact we helped launch three new sites within the last two weeks: the HamdenTimes.com, AllAboutMonroe.com, and Milford-Now.com - each of these sites are making huge progress I would urge you all to check them out.

But aside from the technological changes, the rapacious corporate structure is a big hurdle and too big of a risk. The nonprofit model is probably the best one for local news, but in many communities there isn't enough support even through a nonprofit model, which can be limiting in other ways. A lot of these new publishers need the protection of a B-corp structure that will ensure their ability to accept investment without losing control of the true value of their business - reporting the news. Civic engaged communities are healthier communities. After the last 20 years of experience in our industry we've seen too much too much cannibalization to trust shareholders to do what's right for the news industry.

Please pass B-corp legislation as soon as you can, and allow the news-side of our industry to truly operate based on the social value inherent in reporting the news.

Thanks in advance,

Doug Hardy

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