15 YEARS of trusted journalism

1049 ASYLUM AVENUE, HARTFORD, CT 06105
www.CTMirror.org

I am the Publisher and CEO of The Connecticut Mirror, the largest public policy-focused news organization in the state.

I am writing in support of HB 5978. I'm not writing to ask you to support journalism per se. I'm asking you to support stronger communities, better informed constituents, reduced public corruption, and greater government accountability.

We understand the fiscal challenges the state faces – we report on those challenges regularly. We understand that the state already supports strong communities and informs the public in many ways. But we've also seen the research that indicates that less local news can lead to more government corruption, less civic engagement, increased polarization, lower voter turnout, more misinformation, higher costs for local government, and less knowledge about local and federal candidates (www.rebuildlocalnews.org).

You are no doubt familiar with the trends in local journalism over the last 20 years:

- Local news is shrinking around the country (see data at the end of this testimony).
- Local news is also shrinking here in Connecticut where newspapers that were robust 20 years ago have become shells of their former selves and / or sold themselves at fire sale prices.
- Many of the small local news organizations that remain struggle financially.
- The market can't support the level of local journalism that we all took for granted as recently as ten years ago.

In CT Mirror's case, we depend largely on philanthropy to make ends meet. Hyperlocal news sites throughout Connecticut depend on the passion and work ethic of a single person burning the midnight oil for little to no pay to make ends meet.

We need a little help. Just like the help that the state provides to performing arts centers, local museums, and cultural institutions, none of whom would survive if they depended exclusively on support from "the market." And just like the help the state already provides to a select number of local newspaper companies by placing government legal notices and paying for subscriptions.

As an aside on that last point: we do not charge for content because we believe that people who want to learn about their state government and how it impacts their lives should not be prevented from doing so because they can't afford to.

We know that elected officials embrace the goal of supporting and sustaining local journalism. The question is how to provide that support.

New York and Illinois provide that support through a refundable tax credit. For-profit companies receive a tax credit for each employee they hire or keep, up to a cap. Non-profit news organizations get a subsidy or grant for each employee they hire or keep, up to a cap (it's similar to how the earned income tax credit or a refundable child tax credit works).

Connecticut newsroom employment dropped 65% between 2013 and 2023. The objective of a refundable tax credit for newsrooms that engage in local journalism would be to at least retain current staffing levels, to prevent further erosion of newsroom employment. Ideally, a refundable tax credit would lead to increased newsroom staffing.

The local journalism advocacy group *Rebuild Local News* suggests three principles for public support for local journalism:

- **Newsroom neutral:** Government officials cannot steer money to favored news outlets and away from others.
- **Content Neutral:** Government officials cannot redirect money based on liking or disliking news content.
- **Local**: The focus is on local journalism because that's where the crisis is.

I believe that the proposed refundable tax credit bill very elegantly embodies all three of these principles.

To be clear, the point about local focus addresses focus of coverage, not where the company is located. We are advocating for a tax credit for both in-state and out-of-state companies that engage in local journalism in Connecticut.

One concern that comes up in conversations about government funding for journalism is the idea that such funding compromises editorial independence. I assure you, while additional financial support would be valuable to journalism organizations, you will find that nothing is more valuable to CT Mirror or any news organizations than our integrity.

For reference, here is the structure of the Illinois and New York tax credit bills:

- **Illinois:**
  - $15K for current journalists, $25K for new hires.
  - Tax credit for commercial news organizations
  - Subsidy for nonprofit organizations
  - Slightly lower benefit for hedge fund owned papers
- **New York:**
  - Tax credits of up to $30 million per year for three years for local news organizations to support local news.
  - Credit of $5 thousand per each full-time net employee increase, up to $4 million per year.
  - Credit of 50% of annual wages of an eligible employee (applied to up to $50 thousand in wages paid annually per eligible employee), up to $26 million a year.
  - Amount paid to any news organization is capped at $300,000.
  - Paid as a tax credit for commercial papers, a grant process for nonprofits.
  - Grant process uses same criteria as the tax credit, except that the check comes from the commerce department, not the tax department.

Here is some data that illustrates the contraction of local journalism around the US:

- In 2005 there were 1,566 daily newspapers in the U.S. In 2024 there were 1,033 daily newspapers in the US, a 34% decline.
- In 2005 there were 7,325 non-daily newspapers in the U.S. In 2024 there were 4,562 non-daily newspapers in the U.S., a 38% decline.
- In 2005 U.S. newspaper circulation was 115 million. In 2024 it was down to just over 40 million, a 65% decline.
- U.S. newspaper employment decreased 73% between 2005 and 2023. Newsroom employment across the US decreased 60% during that period.
- Since 2000, there has been an **81% drop** in newspaper advertising revenue.

Thank you for your consideration.

Bruce Putterman
Publisher and CEO
The Connecticut Mirror