Public Policy and Funding the News

A Project of the USC Annenberg Center on Communication Leadership & Policy

www.fundingthenews.org

734 West Adams Blvd.
Los Angeles, CA 90089-7725
213-821-0060
www.communicationleadership.org

TAX POLICY AFFECTING THE NEWS BUSINESS

By Rahul Nilakantan

1. Introduction

Governments use tax policy to encourage certain economic activities by exempting them from tax or taxing them at lower rates. Like many other industries, the newspaper and magazine industries receive "tax breaks" (i.e. favorable tax treatment) from various levels of government. These tax breaks may be in the form of "tax exemptions" (i.e. when certain business income or revenue is exempt from taxation), or "tax deductions" (i.e. when certain business expenses are allowed to be deducted from taxable income).

An example of a tax break to the newspaper and magazine industries at the federal level is the income tax break, which was worth about $150 million in 2008 (CRS[i], 2008). At the state level, of the 37 states for which data was available, 26 states offered sales and use tax breaks worth[ii] on average $24 million per state in 2008 on the sales of newspapers and magazines; while 12 states offered sales and use tax breaks worth[iii] on average $10 million per state in 2008 on the sales of inputs such as newsprint and ink to newspapers and magazines.

Within the news industry, newspaper finances have been severely affected by losses of advertising revenues on account of the recession as well as technological changes both in the way people receive their news and the methods advertisers use to get their message across to consumers. Given the financial difficulties that the newspaper industry is facing, tax breaks are likely to play an important role in ensuring the industry's future viability. Several proposals are under consideration to expand the ambit of tax breaks to the newspaper industry. This report summarizes these proposals as well as catalogs and quantifies the tax breaks currently received by the newspaper and magazine industries.

The report is laid out as follows. Section 2 catalogs and quantifies the main tax breaks to the newspaper and magazine industries at the federal and state levels. Section 3 discusses recent proposals to expand the ambit of tax breaks to the newspaper industry. Section 4 concludes. An Appendix discusses the reliability and coverage of state level data sources.

2. Current tax preferences to the newspaper industry

2.1 The federal level

2.1.1 Data source

Tax breaks awarded by the federal government to various industries result in a revenue loss to the federal government. Since tax breaks result in revenue losses and hence limit the Federal Government's ability to finance its functions, the Federal Government tracks expenditures on tax breaks, known as "tax expenditures", on an annual basis. Section 3(3) of the Congressional Budget and Impoundment Control Act of 1974 defines tax expenditures as "… those revenue losses attributable to provisions of the Federal tax laws which allow a special exclusion, exemption, or deduction from gross income or which provide a special credit, a preferential rate of tax, or a deferral of tax liability (OMB[iv], 2008, p. 285)".

Congress has required a federal tax expenditure budget to be published on an annual basis since 1975. The tax expenditure budget lists the estimated annual revenue losses associated with each tax expenditure item. Thus, it is possible to quantify tax expenditures at the federal level from the year 1975 onwards. However, we will focus only on current tax expenditures in this report.

Unfortunately, the definition of tax expenditures at the Federal level excludes all tax breaks that do not arise on account of individual or corporate income taxes. As Table 1 shows, individual and corporate income taxes are important, but not the sole source of federal receipts[v]. Therefore, quantitative information on tax expenditures at the federal level is not available for tax breaks that arise on account of excise taxes, and estate and gift taxes, both of which may be relevant for the news industry. Given that the federal government excludes all tax breaks not arising on account of income taxes from their tax expenditure reports, it is likely that the extent of tax preferences to the news industry will be under-estimated. Subject to this caveat, we detail the federal government's tax breaks to the news industry below.

Table 1: Federal Receipts by Source

	2006 Actual	Estimate					
		2007	2008	2009	2010	2011	2012
Individual income taxes	1,043.9	1,168.8	1,246.6	1,331.1	1,428.3	1,517.3	1,636.6
Corporation income taxes	353.9	342.1	314.9	319.8	325.5	340.6	366.6
Social insurance and retirement receipts	837.8	873.4	927.2	974.2	1,029.3	1,085.7	1,138.8
(On-budget)	(229.4)	(239.2)	(253.1)	(262.8)	(276.0)	(289.9)	(303.4)
(Off-budget)	(608.4)	(634.1)	(674.1)	(711.4)	(753.3)	(795.8)	(835.3)
Excise taxes	74.0	57.1	68.1	63.1	63.6	68.6	71.3
Estate and gift taxes	27.9	25.3	25.7	27.4	21.7	1.7	0.5
Customs duties	24.8	26.8	29.2	30.7	32.7	34.3	35.7
Miscellaneous receipts	45.0	46.7	50.7	52.0	53.6	55.5	57.8
Total receipts	2,407.3	2,540.1	2,662.5	2,798.3	2,954.7	3,103.6	3,307.3
(On-budget)	(1,798.9)	(1,906.0)	(1,988.4)	(2,086.9)	(2,201.4)	(2,307.8)	(2,472.0)
(Off-budget)	(608.4)	(634.1)	(674.1)	(711.4)	(753.3)	(795.8)	(835.3)
Total receipts as a percentage of GDP	18.4	18.5	18.3	18.3	18.3	18.3	18.6

Table reproduced from OMB (2008, pg.285)

2.1.2 The tax breaks[vi]

The federal government offers two tax preferences to the news industry, with a combined value of less than $150 million in 2008. The preferences are: (1) special treatment of magazine circulation expenditures, and (2) special rules for magazine returns.

The circulation base of newspapers and magazines is part of their capital stock. Expenditure to maintain, establish or increase circulation is therefore a capital expenditure. For tax purposes, this expenditure should be spread out over the period that the circulation base is expected to last, leading to a slow recovery of these costs.

The first tax break allows newspapers and magazines to deduct their expenditures to maintain, establish or increase circulation in the same year when these expenditures are made. Therefore, the tax break allows newspapers and magazines to deduct these expenditures as if they are current expenditures even though they are actually capital expenditures.

The benefit to newspapers and magazines is that the accelerated recovery of these circulation costs increases their cash flows and reduces their cost of capital. Further, the circulation base is an important source of revenue both directly through subscription fees as well as indirectly through the ability of newspapers and magazines to leverage their subscription base to charge higher prices for advertisements. This tax break makes it easier for newspapers and magazines to increase their circulation base and therefore increase their revenues and profits. The only limitation on this tax break is that eligible circulation expenditures do not include purchases of land, or the purchase of another publisher or its list of subscribers.

The second tax break deals with the special treatment of magazine returns. Magazine returns can reduce a magazine seller's income, and hence should reduce its tax burden. In general, when a good is returned, the seller may have to refund a part of the purchase price to the buyer, and thus suffer a reduction in sales revenue and income. This reduction in income occurs in the year in which the goods are returned.

However, if the goods are returned after the tax year in which they were sold, then the seller's income during the previous tax year will not be affected by the return. Therefore, the seller would have paid tax even on income from the sale of goods that were subsequently returned! This could be a problem for the magazine industry, where a large proportion of goods sold by the publisher to retailers are returned.

CRS (2008) cites two reasons for large scale magazine returns. The first reason is the difficulty in predicting the demand for individual titles. The second reason is the marketing strategy of over-stocking individual titles in order to facilitate conspicuous displays that encourage impulse buying by consumers.

To deal with the magazine returns problem, the tax break permits publishers of magazines to exclude from their gross income for a tax year the portion of income from the sale of goods that is returned after the close of the tax year. This reduces the publishers' previous year taxable income by the value of the magazine returns, and thus reduces the previous year's tax burden. The value of this tax break was less than $50 million in 2008.

2.2 The state level

2.2.1 Data source

Like the federal government, governments at the state level also award tax breaks to newspapers and magazines, and attempt to track their expenditures on these tax breaks. However, unlike the federal government, not all states prepare tax expenditure reports. Of the states that do prepare such reports, not all states publish them. Further, the definition of tax expenditure varies from state to state. Given the definition of tax expenditure adopted, a state may not even include all tax expenditures in its report. As a result of these inconsistencies, care must be taken in interpreting the numbers on state level tax breaks to the news industry. As with the federal level analysis, it is safe to say that the numbers here are an under-estimate of the true extent of state level tax breaks to the news industry. The appendix details the sources of data on state level tax expenditures, as well as the caveats involved in interpreting these numbers.

2.2.2 The tax breaks

The most common tax break to the news industry arises on account of the exemption from sales and use tax of the revenues from the sales of newspapers, magazines and other periodicals, as well as of the sale of advertising services within and along with these publications. Of the 37 States for which information is available, 26 states offered this tax break. The average value of this tax break was $24.07 million in 2008. Table 2 lists the states and the values of this tax break. Note that all states do not exempt all forms of news literature equally – (e.g. some exempt magazines and not newspapers, some exempt only subscription sales but not non-subscription sales etc.).

The second most common tax break to the news industry arises on account of exemption from sales and use tax of sales of materials such as newsprint, ink, machinery and other equipment used in the manufacture of newspapers. Of the 37 states for which information is available, 12 states offered this tax break. The average value of this preference was $9.59 million in 2008. Table 3 lists the states and the value of this preference. Note that all states do not exempt all inputs that go into newspaper manufacturing equally – (e.g. some exempt only computers and software but not newsprint and ink etc.). Other state-level tax breaks are quantitatively insignificant, and are hence not reported here.

Table 2: Tax breaks on the sales of newspapers and magazines

State	Notes on exemption	Amount ($mn)	Year
Arizona	The gross income of publications derived from advertising	33.30	2008
Arkansas	Sales of newspapers	2.96	2008
	Sale or rental of advertising space in newspapers and publications	14.85	
	Sale of any publication (other than newspapers) through regular subscription	4.48	
California	Subscription periodicals if number of issues is between 4 and 60, and if sold by subscription and delivered by mail or common carrier	17.00	2007
Colorado	Sales of newspapers	7.31	2006
	Sales of newspaper advertising supplements	1.59	
Connecticut	Sales of newspapers and magazines.	60.00	2009
Florida	Newspaper, magazine, and newsletter subscriptions in which the product is delivered to the customer by mail.	21.50	2009
Louisiana	Sales of newspapers	3.00	2009
Maine	Sales of any publication regularly issued at average intervals not exceeding 3 months, including newspapers and magazines issued on at least a quarterly basis.	4.48	2008
Massachusetts	Sales of newspapers and magazines	32.40	2008
Michigan	Sales of newspapers, periodicals and copyrighted films	95.49	2008
Minnesota	Sales of publications regularly issued at average intervals not exceeding three months	71.80	2008
Mississippi	Sales of newspapers and periodicals	5.65	2009
Nebraska	Sales of newspapers issued at least once a week, and newspaper advertising supplements actually distributed with newspapers	6.26	2008
New York	The sales of newspapers and periodicals, including newspapers and periodicals delivered electronically. Also, paper and ink used to publish newspapers and periodicals	62.00	2008
North Carolina	Non-Subscriber sales of newspapers and magazines	7.40	2007
	Advertising supplements sold with newspapers	4.30	
North Dakota	Sales of newspapers	2.75	2008
	Magazine subscriptions	1.35	
Ohio	Sales of newspapers	19.10	2008
	Magazine subscriptions	18.50	
Oklahoma	Sales of newspapers and periodicals	13.77	2007
Pennsylvania	Sales of newspapers not including magazines	64.10	2008
	Sales of magazines	22.80	
Rhode Island	Sales of newspapers	5.60	2008
Tennessee	Sales and subscription of newspapers	13.80	2009
Texas	Sales of newspapers	22.20	2009
	Sales of newspaper inserts	11.90	
	Magazine subscriptions	10.00	
Utah	Sales and subscription of newspapers	2.69	2008
Vermont	Sales of newspapers and property that is part of the manufacturing process of newspapers	1.70	2006
Washington	Sales of newspapers	15.82	2008
Wisconsin	Sales of newspapers, periodicals and shoppers guides	15.30	2006
Average	Excludes Michigan	24.07	

Table 3: Tax breaks on sales of inputs

State	Notes on exemption	Amount ($mn)	Year
Arkansas	Sale of machinery and equipment to newspaper publishers	0.29	2008
Colorado	Printers ink and newsprint	3.06	2006
Idaho	Publishing equipment and supplies used to publish advertising type newspapers that are sold or given away to the public, as long as the paper contains at least 10% editorial comment and advertising revenue is the publisher's primary source of income	0.15	2008
Illinois	Expenditure on newsprint and ink by newspapers and magazines	37.82	2007
Louisiana	Purchase of certain machinery and equipment used to produce a news publication	0.45	2008
Massachusetts	Materials, tools, fuels, and machinery, including spare parts, used in newspaper printing if they become components of a product to be sold or are consumed or directly used in newspaper publishing.	28.90	2008
New York	Paper and ink used to publish newspapers and periodicals	na	2008
Missouri	Sales of newspaper production equipment to newspaper publishers	na	
North Carolina	Sales of components e.g. paper and ink of free distribution periodicals	5.50	2007
North Dakota	Newsprint and printer's ink sold to publishers	na	
Vermont	Property that is part of the manufacturing process of newspapers	na	2006
Washington	Computer equipment for printers and publishers	0.56	2008
Average		9.59	

3 New tax breaks under consideration for the news industry

3.1 Sales tax exemptions for digital products

Newspapers are sold in both print as well as online editions. While print edition sales are mostly tax exempt, the tax treatment of sales of online editions of newspapers is complicated by a U.S. Supreme Court ruling that a state cannot "require a seller that does not have a physical presence in the State to collect tax on sales into the state (SSTGB[vii], 2009)". The Streamlined Sales Tax Governing Board (SSTGB) is a body arising out of an agreement between several states in order to bring their tax regimes into compliance with this Supreme Court ruling.

States levy sales tax on the proceeds from sales of tangible personal property. In a digital era, it is unclear whether an online edition of a newspaper would be tangible personal property, and thus subject to sales tax. As part of the SSTGB agreement, signatory states have agreed not to include any undefined product transferred electronically in their definition of tangible personal property. This assumes importance in the light of the fact that the newspaper industry is constantly seeking ways to charge for their existing and new products sold online, not all of which are currently defined according to the tax code. Since the agreement excludes as yet undefined digital products from the definition of tangible personal property, any innovations in electronic delivery of news content will be free from sales tax unless specifically taxed by the respective state governments, who may have to mobilize a super-majority of legislators in order to do so.

Sales of defined categories of products that are transferred electronically can automatically be treated as sales of tangible personal property and hence taxed under the SSTGB agreement. The defined category relevant to the news industry is "digital books". However, according to the Newspaper Association of America, the definition of digital books specifically excludes "periodicals, magazines, newspapers, or other news or information products, chat rooms or weblogs (NAA[viii], 2009)". As a result, sales of online newspapers are exempt from automatic sales and use taxes under the agreement. However, the agreement allows a state to impose sales taxes on online newspapers by approving a separate imposition statute. This confers a benefit to the news industry since several states require super majorities of legislators in order to introduce new taxes.

3.2 Estate tax exemptions for newspapers

The estate tax is a tax imposed on the transfer of property by will or by intestate succession (Black's Law Dictionary). This tax is of relevance to family-owned newspapers, whose owners may be called upon to set aside large sums of money in order to meet their estate tax obligations upon the death of the current newspaper owner, and the inheritance of the newspaper by the owner's heirs. The current issues regarding estate taxes are (1) the uncertainty regarding the future of the tax, and (2) the high levels of the tax.

Uncertainty regarding the future of the estate tax impedes the ability of family-owned newspapers to plan for the future by putting in place a financial succession strategy. Estate tax provisions require the setting aside of large sums of money in order to meet tax liabilities in the event of the death of the newspaper owner. Even if the uncertainty is resolved, high levels of estate tax could lead to a round of corporate buyouts or shutting down of family owned newspapers, with the concomitant reduction in focus on local issues that family-owned newspapers were once known for.

Former President Bush's Economic Growth and Tax Relief Reconciliation Act of 2001 legislated the progressive reduction in the rate of estate tax and a progressive increase in the exemption limit over the period 2001-2009, its repeal for one year (2010) unless Congress acts to prevent the repeal, and return to 2001 levels but with a higher exemption limit in 2011. The current uncertainty is with regard to whether Congress will act to retain the estate tax in 2010 or allow it to remain repealed, and whether additional legislation will be passed to change the terms of the tax. If Congress does not act to change the terms of the 2001 Act, the estate tax will revert to the maximum rate of 55% that was applicable in 2001, albeit with a higher exemption level of $1 million.

President Obama's 2010 budget includes a proposal to freeze the estate tax rate and the exemption at 2009 levels (i.e. a 45 percent tax rate and a $3.5 million exemption, indexed for inflation). The Newspaper Association of America reports that Sens. Blanche Lincoln and Jon Kyl moved an amendment (passed) to the budget resolution that would decrease the rate to 35 percent and increase the exemption to $5 million. **Shortly thereafter, Sen. Richard Durbin moved an amendment (passed) that would create a budget point of order against any increased estate tax relief that does not also include equivalent tax relief for "Americans making less than $100,000." These amendments create confusion about the manner in which the estate tax will be applied in the future, thus complicating succession planning at family owned newspapers.** Another reason the estate tax issue is important is an observation by Lipman[ix] (2009) that the estate tax encourages bequests to nonprofit organizations, an avatar that newspapers may adopt if Senator Cardin's Newspaper Revitalization Act passes into law.

3.3 Non-profit status for newspapers

In a bid to shore up newspaper industry finances, Senator Cardin introduced the Newspaper Revitalization Act, which would allow newspapers to operate as nonprofit entities under section 501(c)(3) of the Internal Revenue Code. Section 501(c)(3) status exempts an entity from certain federal income taxes (except those on unrelated business income) if the entity falls within one of the following categories of organizations: religious, educational, charitable, scientific, literary, etc. Newspapers would be treated as educational organizations under Cardin's legislation.

The act as introduced specifically excludes advertising income arising from the sale of space for commercial advertisements from the definition of unrelated business income, to the extent that the space allotted to all such advertisements does not exceed the space allotted to fulfilling the educational purpose of the newspaper. According to Reuters[x] (2009), the act makes contributions to the newspaper to support news coverage or news-gathering operations tax deductible, as well as permits non-profits to buy newspapers owned by a conglomerate. Non-profit status would not restrict newspapers' ability to "report on all issues, including political campaigns", but would prohibit them from making "political endorsements" (Reuters, 2009).

3.4 Net operating loss carryback provisions

As part of the economic stimulus package signed by President Obama, a net operating loss carryback provision was introduced, which allowed small businesses (those whose revenues were $15 million or less) to carry back current operating losses over a period 5 years into the past instead of over 2 years in the past as was the earlier limit. This provision would have the effect of reducing previous year's tax burdens for loss-making companies, and thus result in savings for such companies. However, since the five-year carryback provision was restricted to small businesses, it would not have offered any additional relief to large newspaper corporations.

However, NAA[xi] (2009) reports that in April 2009, Sen Olympia J. Snowe and Committee Chairman Max Baucus introduced the Net Operating Loss Carryback Act, designed to allow formerly profitable businesses to carry back losses incurred in 2008 and 2009 over a period 5 years into the past, thus extending the stimulus package relief to all businesses regardless of their size. President Obama's 2010 budget includes a provision to expand carryback relief to all businesses regardless of size. If signed into law, this provision will offer significant savings to large loss-making newspaper corporations.

3.5. Expansion of sales and use tax breaks

Newspapers already receive sales and use tax breaks from states on newspaper sales as well as purchases of inputs to produce newspapers. However, not all states offer these breaks – only 26 out of 37 states offer the break on newspaper sales, and only 12 out of 37 offer breaks on input purchases by newspapers. It is surprising that hardly any of the remaining states are considering introducing sales tax breaks for newspapers, if not on the input purchase side then at least on the newspaper sales side. A notable exception is Washington state, which recently gave newspapers a 40 percent rebate on the state's main business tax (Associated Press[xii], 2009). If all states for which data was available offered the same level of tax breaks to newspapers and magazines as the average state, then the news industry could save an additional $264 million on newspaper sales taxes, and an additional $250 million on input purchase taxes.

4. Conclusion

Newspaper finances have been severely affected by losses of advertising revenues on account of the recession as well as technological changes both in the way people receive their news and the methods advertisers use to get their message across to consumers. Given the financial difficulties that the newspaper industry is facing, tax breaks are likely to play an important role in ensuring the industry's future viability.

Newspapers and magazines already receive substantial tax breaks at the federal and state levels. The federal income tax breaks amounted to $150 million in 2008, while the average output sales tax break at the state level was worth about $24 million in 2008, and the average input purchase tax break was worth about $10 million in 2008.

However, not all states offer the same level of coverage for tax breaks on input and output sales. Out of the 37 states for which data was available, only 26 offered output sales tax breaks, and only 12 offered input purchase tax breaks. Back-of-the-envelope calculations show that newspapers and magazines could save an additional half a billion dollars a year if all states offered the same level of tax breaks as the average state. While several proposals are under consideration to expand the ambit of tax breaks to the newspaper industry, perhaps more attention should be paid to expanding the scope of application of the existing sales tax breaks to all states in the U.S.

Appendix – Data sources

At the state level, the definition of tax expenditure varies widely. Levitis[xiii] et. al. (2009) defines a tax expenditure as "tax credits, deductions, and exemptions that reduce state revenue". In principle, the Levitis et. al. definition of tax expenditure includes all tax breaks regardless of the tax on which they are awarded. In their 2009 report, Levitis et. al. compiled a list of sources of all available state level tax expenditure reports. This report analyzes all the state level tax expenditure reports cited by Levitis et. al. and culls out the tax breaks specific to the news industry.

A glance at Levitis et. al. (2009) shows that tax expenditure reporting by states is patchy at best. They find that only 42 out of 51 States[xiv] produce tax expenditure reports. Out of these 42 States, 9 States failed to include major taxes in their reports, 3 States did not publish reports at least once every two years, and 5 States did not post their reports online. As a result, it is not possible to build a complete **quantitative** picture of state level tax preferences to the news industry. Nevertheless, the nature of tax preferences to the news industry among the states that do produce comprehensive reports is more or less similar. Therefore, it is possible to give a more or less complete **qualitative** picture of state level tax preferences.

Figure 1 below depicts the extent of coverage of major sources of state tax revenue in the state tax expenditure report.

Figure 1: Taxes included in states' tax expenditure reports

State	Sales & Use Tax	Personal Income Tax	Corporate Income Tax	Property Tax	Other taxes
Arizona	Y	Y	Y	Y	Y
Arkansas	N	Y	Y	N	N
California	Y	Y	Y	Y	Y
Colorado	Y	N	N	na	N
Connecticut	Y	Y	Y	na	Y
Florida	Y	na	Y	Y	Y
Louisiana	Y	Y	Y	na	Y
Maine	Y	Y	Y	Y	Y
Massachusetts	Y	Y	Y	na	A
Michigan	Y	Y	Y	Y	Y
Minnesota	Y	Y	Y	Y	Y
Mississippi	Y	Y	Y	na	Y
Nebraska	Y	Y	Y	Y	Y
New York	Y	Y	Y	na	Y
North Carolina	Y	Y	Y	na	Y
North Dakota	Y	N	N	na	N
Ohio	Y	Y	Y	na	Y
Oklahoma	Y	Y	Y	na	Y
Pennsylvania	Y	Y	Y	na	Y
Rhode Island	N	Y	N	na	Y
Tennessee	Y	na	Y	na	Y
Texas	Y	na	Y	Y	Y
Utah	Y	N	N	Y	N
Vermont	Y	Y	Y	Y	N
Washington	Y	na	na	Y	Y
Wisconsin	Y	Y	Y	Y	Y

Source: Levitis et. al. (2009)

Aside from issues of coverage, one problem that Levitis et. al. observe with state tax preference reports arises on account of the fact that many state governments follow federal government definitions of income for reasons of simplicity. As a result, federal tax expenditures can cause tax expenditures by states as well, even though the state did not make any conscious decision to offer such a preference. Consequently, states may not explicitly record these induced preferences as state tax preferences, and may thus fail to include the costs of such preferences in their own tax expenditure reports. Since the federal government offers two income tax preferences to the news industry that may not be accounted for in state tax expenditure reports, there may be an under-estimation of the extent of tax preferences to the news industry.

Another problem with state tax preference figures that Levitis et. al. note is the inconsistent treatment of implicit tax expenditures (i.e. those that are not explicitly defined in state law). For example, while almost every state levies taxes on some services, only 16 states have entries for the tax expenditures on account of failing to tax services. This is relevant for the news industry since the sales of advertising services (both within the pages of the newspaper as well as in the form of advertising inserts sent along with newspapers) are a large part of their revenues. Hence, the failure of tax expenditure reports to include foregone taxes on the sales of advertising services may lead to under-estimation of the extent of tax preferences to the news industry.

As a result of these issues with data quality, it is necessary to use caution while interpreting the figures for state level tax breaks to the news industry. If anything, the figures cited in this report are an under-estimate of the true amount of tax breaks offered to the news industry by the state governments.

[i] Congressional Research Service (CRS), "Tax Expenditures: Compendium of Background Material on Individual Provisions", December 2008, S. PRT. 110-667

[ii] Author's own calculations

[iii] Ibid.

[iv] Office of Management and Budget (OMB), "Analytical Perspectives: Budget of the United States Government, Fiscal Year 2008"

[v] Federal Receipts are taxes and other collections by the Federal Government from the public.

[vi] This section draws heavily on CRS (2008)

[vii] Streamlined Sales Tax Governing Board (SSTGB), http://www.streamlinedsalestax.org/, Accessed on July 23, 2009.

[viii] Newspaper Association of America (NAA), "Streamlined Sales Tax Governing Board Approves Digital Definitions", http://www.naa.org/Public-Policy/Business-Operations-Issues/Taxes/Oct-2007-PPN.aspx, Accessed on June 8, 2009

[ix] Lipman, Harvy (2009), "Estate tax a key factor in bequests", http://www.northjersey.com/business/nonprofits/42945042.html, Accessed on June 11, 2009

[x] Reuters, "U.S. bill seeks to rescue faltering newspapers", Published Mar 24, 2009, http://www.reuters.com/article/politicsNews/idUSTRE52N67F20090324, Accessed on Aug 11, 2009

[xi] Newspaper Association of America (NAA), "Net Operating Loss Legislation Introduced", Released April 20, 2009, http://www.naa.org/Public-Policy/Business-Operations-Issues/Taxes/April-2009-PPN-2.aspx, Accessed on June 11, 2009

[xii] Associated Press, "Newspapers in Washington get Key 40% Tax Break", http://www.editorandpublisher.com/eandp/news/article_display.jsp?vnu_content_id=1003990307, Accessed on Sep 10, 2009

[xiii] Levitis, J., N. Johnson and J. Koulish (2009), Promoting State Budget Accountability Through Tax Expenditure Reporting, Center on Budget and Policy Priorities

[xiv] The District of Columbia is treated as a state.