



PROPOSED STUDY QUESTIONS Tax Preference for Newspaper Industry

State of Washington Joint Legislative Audit and Review Committee

September 2020

JLARC to review a B&O tax preference for businesses that publish and print newspapers

The 2006 Legislature directed JLARC staff to conduct performance audits of tax preferences. This preference is included in the 10-year review schedule set by the Citizen Commission for Performance Measurement of Tax Preferences.



Preference is intended to provide relief for the newspaper industry while it works to stabilize its revenues and funding sources in the digital era

The Legislature passed this preference in 2009 with the stated intent to provide temporary tax relief to the newspaper industry until its revenues and funding sources have stabilized. Due to changes in technology, the industry’s main revenue source—print advertising—was no longer generating the revenue needed to support newspaper businesses.

Before this tax preference was enacted, the 2008 Legislature expanded the definition of newspapers to include print only and businesses that publish both a print and online version of the same newspaper. This allowed these businesses to pay a uniform B&O tax rate. Online-only newspapers are under a different tax classification that results in a higher tax rate.

In 2009, the Legislature enacted this tax preference by establishing a preferential B&O tax rate that applied to newspapers under the definition above. The rate is currently 0.35% and is scheduled to sunset on July 1, 2024. This preferential rate does not apply to online-only newspapers, which pay a rate of 1.5%.

The Legislature intends to allow the preference to expire if there is a positive trend in annual gross revenues

If the average year-to-year change in gross revenues over three years is positive for businesses claiming the preference, the Legislature explicitly stated it intends to allow the preference to expire.

This study will address the following questions:

1. Which businesses have used the preference, and how much have they saved using the lower B&O tax rate?
2. How have revenues and employment numbers changed for businesses using the preference over the past three years?
3. What business models exist in the newspaper industry and have they impacted financial stability?

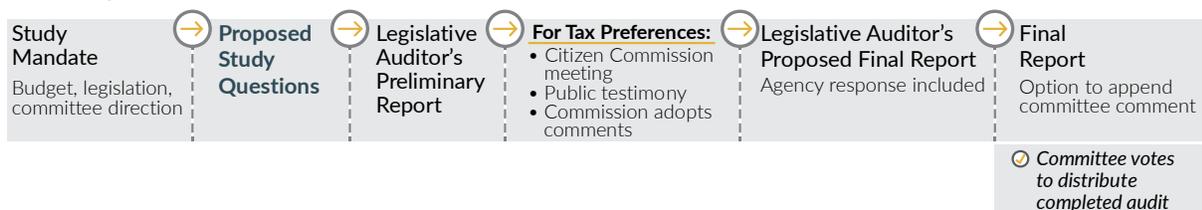
Study Timeframe

Preliminary Report: July 2022 Proposed Final Report: December 2022

Study Team

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JLARC Study Process



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