



Floor Remarks on SB 1327

Senator Steven M. Glazer

Thursday, June 27, 2024

PROTECTING LOCAL NEWS

Members, we are in a moment of peril in our democracy and our hollowed out newsrooms are in the center of that crisis.

Some context:

Democracies are the exception in human history. It is not *if* they will fail, it is a matter of *when* they will fail.

Ours is 248 years young.

71% of the world's population is under autocracies. Even now, in countries such as Hungary, Argentina and Turkey, we see these democracies teetering. How do we know this is the case? You simply have to see their actions to curtail or take control of their independent news media that was keeping these democracies honest. The canary in the democracy mine is independent news.

On a bill like this, you might say, wait, our constitution defends a free press but we have always had a hands off relationship with them.

Not true. Early history in America shows our leaders actively backing and financially supporting the distribution of news. They did it by subsidizing postal rates. Thank you to Steve Waldman of Rebuild Local News, for his writings on this history. That value could be in the billions of dollars today. But most of that help has gone away.

Today, the United States spends \$3.16 per capita to support public media. Canada spends almost 8 times greater; Japan spends 17 times that amount; France 24 times; United Kingdom 26 times; and Germany 45 times that the United States spends.

Those democracies know and we know that an informed citizenry protects our democracy. It is why democracies invest in education. It is why democracies need a robust independent media.

The condition of media today is critically bad. Why?

The advertising model that has sustained it has been severely compromised.

Due to the ingenuity of social media and sales platforms, these enterprises have successfully connected folks with friends and hobbies and interests as well as shopping opportunities. And in doing so, these platforms have mined intimate data on each user. It has allowed them to create an advertising alternative that effectively targets people with ads – much more effectively than traditional media. The impact on news organizations has been significant.

In the last 25 years, about one-third of news outlets have closed nationally – news deserts exist throughout our state. In California, 65 percent of journalists have lost their jobs.

The bill before you is an effort to revive local journalism. It applies a mitigation cost on the platforms whose activities have contributed to the damage. We already impose mitigation fees on companies that put chemicals into the environment or to developers whose projects impact our roads and schools.

This data extraction mitigation fee is assessed when two conditions are met: a company has acquired data from Californians without compensation and they use it to sell advertising – if their advertising revenue exceeds 2 1/2 billion dollars in California.

The mitigation fee is the same as our sales and use tax of 7.25%. The funds are then distributed in a way that fully funds our education (Proposition 98) and budget reserve obligations. The balance would then be provided in a tax credit for news outlets based on the employment of journalists in news gathering work in California. Enhancements are provided to small, community and ethnic media outlets and special projects to support and enhance the hiring and training of a diverse journalism workforce.

All of this is done in a content neutral way. Just as we have funded a movie industry tax credit with no state involvement in content, the same goes for this journalism tax credit.

We know how on the ground reporting informs and impacts our lives. The legislative actions we take are so often in response to the stories that are discovered and written about through good journalism.

You know the saying about journalism that their job is to comfort the afflicted and afflict the comfortable. That sometimes means that we are not always portrayed in a favorable light when stories and editorials are written. Who hadn't felt at times that one story or another wasn't fair or bal-

anced? Who hadn't had a tough editorial written about them? I certainly have, numerous times.

But the matter before us: the future of independent journalism and the protection of our democracy is so important that we must look beyond the personal pain that we sometime have endured.

Assembly member Wicks has a bill that works to assist in the preservation of journalism in a way that is different but compatible with this bill. Our Judiciary committee advanced it in the hopes that she and I can work with stakeholders this summer in balancing everyone's interest. My bill would be the Senate vehicle to join that important work.

But, we knew this would not be an easy ride. Just a few months ago in response to these two bills, these powerful platforms began to curtail links to news stories. Their threats elevated to say they would end their charitable contributions to news outlets if this bill became law. Even worse, one outlet proclaimed that they may use artificial intelligence to create news content.

So should information to our citizens and protection of our democracy be controlled by a few platforms or should we revive and seed the diverse ecosystem of independent news outlets: big, small, print, digital, broadcast, ethnic, community, all in a content neutral and ownership neutral way?

Democracies and the personal freedoms and liberties they provide do not live forever. Our founders pledged their lives, their fortunes and their sacred honor to create ours. That torch of freedom is now in your hands. It is vulnerable and fragile. I hope you will give me the chance to keep working to protect it by advancing this bill.