



May 10, 2024

The Honorable Senator Anna Caballero
Chair, Appropriations Committee
1221 O St. Suite 7620
Sacramento, CA 95814

Dear Chair Caballero and members of the committee:

On behalf of Chamber of Progress – a tech industry association supporting public policies to build a more inclusive country in which all people benefit from technological leaps – I write to oppose SB 1327.

This bill would tax annual gross revenue from digital advertising services provided within California. While we share the author’s desire to address the loss of California journalism jobs, the “data extraction mitigation fee” is flawed.

SB 1327 will enrich the private equity barons who have decimated journalism in California

Local journalism is essential to self-governance; it ensures the electorate has the information to cast informed ballots. The press also plays a critical role in lifting up local, diverse voices and holding power to account. We agree the loss of journalism jobs in California has been devastating. However, SB 1327 will not address these critical shortages.

Specifically, only full-time jobs in journalism qualify for the tax credit. As a result, this leaves out independent, diverse, and minority language publications that are too small to hire full-time reporters. Instead, the benefits will accrue disproportionately to the private equity fund managers who have systematically bought up newspapers, loaded them up with debt, and laid off reporters. MediaNews Group, a division of Alden Global Capital, owns the Bay Area News Group. These out-of-state owners have left critical local news outlets like *The Mercury News* a shell of their former selves. In short: SB 1327 will reward the bad actors who decimated California journalism.

SB 1327 will fuel right-wing misinformation

As drafted, SB 1327 will funnel money to Sinclair Broadcast Group, which owns four stations in California. Sinclair is a notorious peddler of right-wing misinformation. In 2004, Sinclair forced all 62 of its stations to air a so-called documentary that impugned

Sen. Kerry's service in Vietnam. More recently, Sinclair gave Trump campaign adviser Boris Epshteyn a prime slot to air MAGA political commentary. California tax dollars should subsidize more misinformation from Sinclair.

The bill would likely result in a tax on small businesses advertising online.

SB 1327 taxes digital advertising on platforms of a certain size. Those platforms will pass the costs on to the purchasers of digital advertising: disproportionately small businesses. Consider, for example, a boutique online retailer of t-shirts based in Irvine. Like many small businesses, the t-shirt seller advertises on Instagram, Amazon and Google, to connect with customers across the world. SB 1327 would drive up the cost of advertising for that California-based business, either increasing her costs or forcing her to consider relocating out of California to avoid the tax.

For these reasons, we respectfully urge you to oppose SB 1327.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert Singleton". The signature is fluid and cursive, with a large initial "R" and a stylized "S".

Robert Singleton
Director of Policy and Public Affairs, California and US West
Chamber of Progress