



## **Analysis:**

# **California's Proposed News Link Tax Now Resembles Canada's, Which Has Resulted in Lost News Traffic & Revenue**

*Canada's similar law offers the best predictor of the impact of the California Journalism Preservation Act (CJPA)*

- After Canada's law was implemented, news sites lost at least 120 million visits annually.
- On average, each individual Canadian news site lost 1.2 million clicks annually.
- On average, Canadian news outlets lost \$156,000 each in annual traffic value – but projected to gain only \$63,000 each in annual benefits under the law.
- Most Canadian news outlets will lose more than they gain.

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## Introduction

The California Legislature is currently considering the California Journalism Preservation Act (CJPA), [AB 886](#), which would require platforms to remit payments to newspapers in exchange for displaying newspapers' content.

Chamber of Progress has opposed the bill, citing [concerns](#) that disinformation giants would benefit more than smaller, local outlets. While the legislation purports to help local journalists and California news outlets, it could result in major unintended consequences for Californian news outlets and individuals looking to access local news.

First introduced in 2023, the bill requires 70% of the payments to newspapers be used for employment of journalism and support staff. The bill does not establish any constraints on the news organizations that are eligible to benefit. Instead, any news organization with a web page available for display to California residents is eligible, regardless of the organization's size.

How much money online platforms would be required to pay news outlets would be determined by an arbitration process and equal to a percentage of the platform's advertising revenue. Each newspaper would then be entitled to a portion of that revenue, called their 'allocation share', depending on the number of their web pages shown to California residents.

Canada passed similar legislation, [Bill C-18](#), in 2023. The legislation required large platforms to pay news publishers for linking to news content on their platforms. Shortly after the bill passed, Meta [removed](#) links to news content from its platforms in Canada - including Facebook, Instagram, and Threads - arguing that its services delivered valuable free traffic to news sites, but that news traffic had little overall value to Meta's platform. Canadians are no longer able to access or post news links on Facebook, Instagram, or Threads.

Google initially stated that it would also block news content on its platform. However, Google later reached a [settlement](#) with the Canadian government worth \$100 million CAD annually prior to the law going into effect.

CJPA was recently amended to enable online platforms to avoid paying news link taxes by instead paying an annual lump sum in support of journalism, as Google did in Canada. As a result, a prominent California labor leader recently wrote that CJPA "[increasingly resembles](#)" Canada's bill C-18.

Given that CJPA is now more closely modeled on Canada's law, I wanted to take a closer look at the impacts of Canada's law on news publishers in Canada - since such impacts are likely to be replicated in California if CJPA becomes law.

## Traffic Declines

After C-18 passed, Meta announced its removal of news content from its platforms. This process [began](#) in June 2023 and was completed by the end of August 2023. After the removal of news content from Facebook, Instagram, and Threads, Canadian news publishers experienced large losses in overall traffic.

To quantify exactly how much traffic was lost after Canada's news link law was implemented, I examined traffic changes for the top 100 Canadian news outlets before and after Meta blocked news links in Canada. To do this, I used traffic data from the digital intelligence firm [Similarweb](#).

To develop a list of outlets for this study, I began by using Similarweb's [list](#) of top Canadian outlets in the news and media sector. I then cross-referenced this with the [list of publishers](#) that recently applied for Google's C-18 settlement funds, in order to develop a list of the top **100 Canadian news outlets** to examine for this study. Almost 1,500 publishers applied for funds under the Google settlement.

Aggregating the data by time period showed that news outlets in my sample received roughly **96.4 million monthly visits in May 2023**, one month prior to Meta turning off news links in Canada.

In June, July, and August 2023, Meta [worked](#) to remove links to news content for Canadian users of its apps. That process was largely complete by September 2023.

In September 2023, the total traffic to this sample of news outlets dropped to **86.4 million** monthly visits, a **decline of roughly 10 million visits per month**.

## Total Website Traffic Before and After Canada's News Link Tax Was Implemented

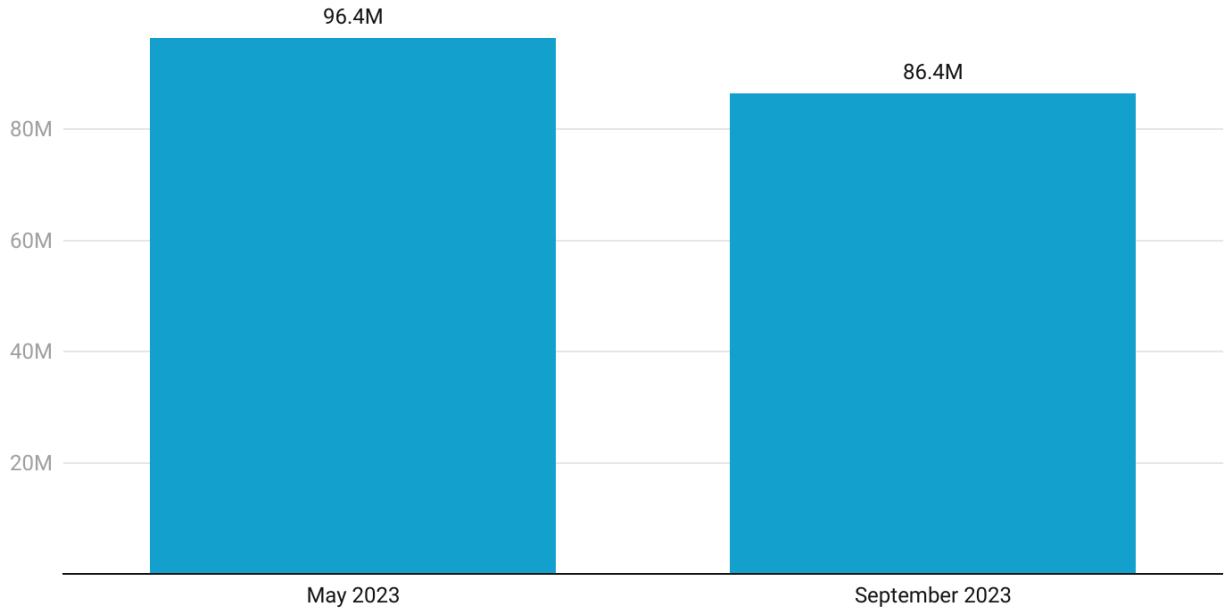


Chart: Kaitlyn Harger, Senior Economist at Chamber of Progress • Source: Similarweb • Created with Datawrapper

The monthly decline of 10 million visits translates into substantial decreases in traffic on an annual basis, **a total loss of an estimated 120 million site visits to Canadian news outlets. On average, this translates into an annual traffic loss per outlet of 1.2 million clicks.** Because these figures reflect only the top 100 outlets, this is a conservative estimate. The actual total for all 1,500 news outlets that applied for Google settlement funds is even higher.

Traffic to news outlets from Facebook should have also dropped dramatically given that Meta limited access to news in Canada on its platforms. The graph below shows the total estimated traffic from Facebook to news organizations in my sample, in May and September 2023. The September 2023 number is so small it is unable to be seen on the graph, but the value is labeled.

## Total Estimated Facebook Traffic Before and After Canada's News Link Tax Was Implemented

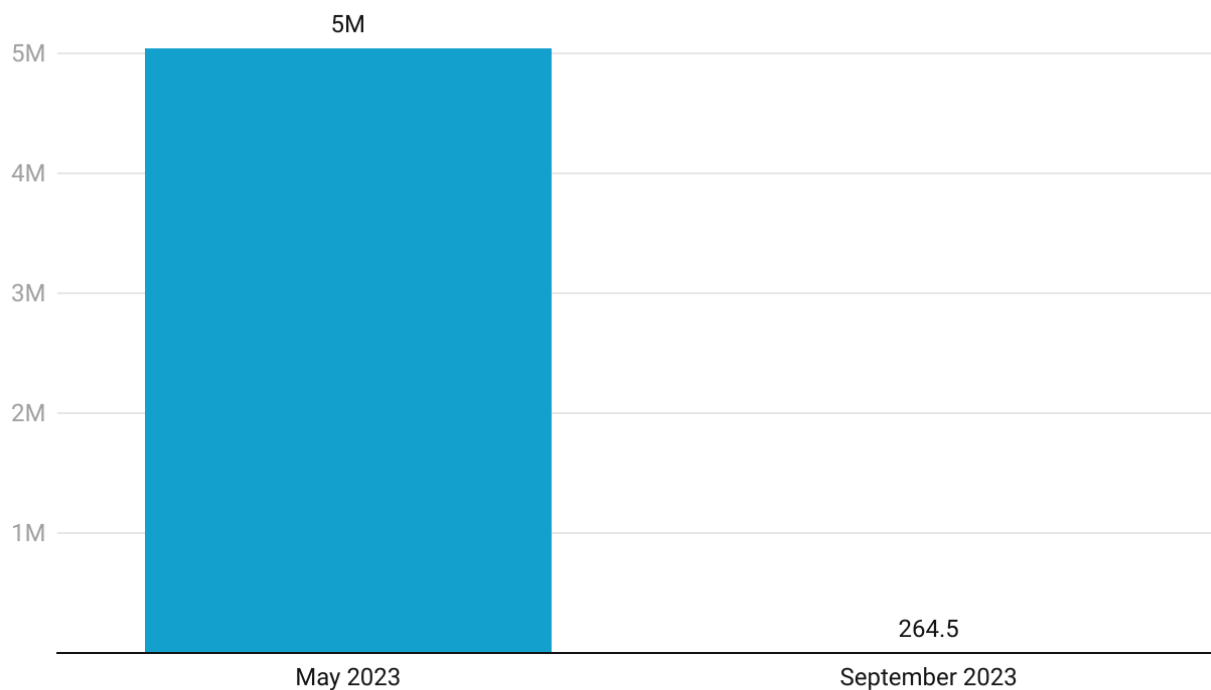


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These news outlets received an estimated 5 million visits from Facebook in May 2023, prior to the implementation of Bill C-18. Immediately after the withdrawal, in September 2023, Facebook traffic dropped to an estimated total of roughly 264,500 visits to the top 100 Canadian news websites, a decrease of 4.8 million clicks.

Some outlets likely lost non-Meta traffic in addition to the lost Meta traffic as a result of the C-18 law. For example, if someone was accessing a news outlet via Meta’s apps as well as through direct navigations, once they stopped seeing the publication’s content on Meta’s apps they could have stopped visiting the news site altogether due to lack of exposure.

Overall, news outlets lost millions of visits after Canada’s news link tax went into effect.

Larger national outlets like the Canadian Broadcasting Corporation (CBC) likely did not experience the same degree of overall traffic loss since they rely less on social media for traffic. These news outlets may be so well known that readers visited their websites

directly after C-18 went into effect. Smaller, less well-known outlets may rely more on social media for readership.

The chart below shows the percentage of total traffic from Facebook for each news outlet, prior to news access restrictions on the platform.

### Estimated Percentage of Total Traffic from Facebook, May 2023

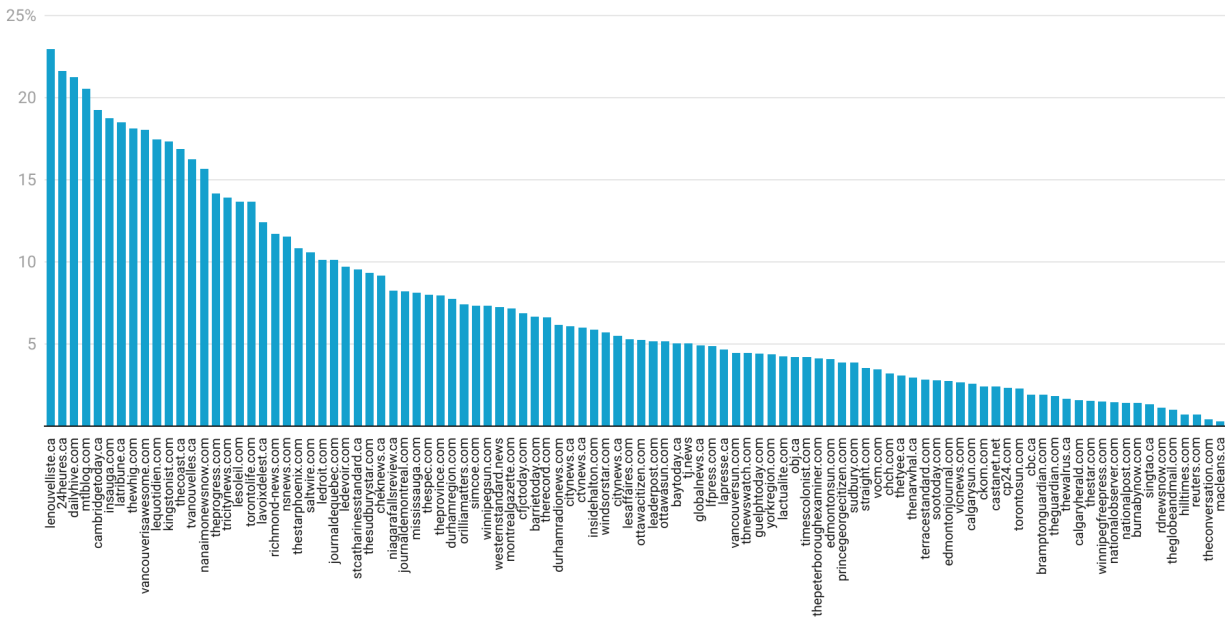


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As shown in the chart, many outlets relied heavily on Facebook for traffic. 25% of the outlets included in this sample received 10% or more of their total traffic from Facebook. These outlets could have lost visitors permanently as much of the Facebook traffic lost did not [convert](#) into direct or other source traffic.

## Lost Revenue

Traffic declines are important for news outlets since many generate revenue based on the number of visits to their website. When “clicks,” or visits to the news site decline, revenue declines. The level of revenue decline outlets saw is dependent on how much each click is worth to the outlet.

A 2024 [study](#) by PricewaterhouseCoopers (PwC) estimated the value of clicks to different types of news outlets. Their research found that the value of a click varied

depending on the type of news publisher. In terms of geographic scope, the **research concluded that the value of a click was \$0.05 - \$0.07 for national news publishers, \$0.13 - \$0.15 for regional news publishers, and \$0.11-\$0.13 for news publishers catering to local audiences.**

The news organizations included in this analysis range from local to national publishers, with most publishers serving regional or local markets. For simplicity, I used the conservative figure for regional outlets of \$0.13 as the estimated revenue value per click. This number is part of both the local and regional ranges.

Based on the value of \$0.13 per click, the total traffic decline of almost 10 million visits per month likely resulted in an estimated \$1.3 million in total lost monthly revenue for outlets.

I then calculated an estimate of lost revenue per outlet by dividing that figure among the 100 top news outlets in our sample.

Per outlet, this resulted in an **estimated \$13,000 per month in lost revenue. On an annual basis, this equates to roughly \$156,000 in lost revenue per outlet.**

## Revenue Gained from Google Settlement

Google's \$100 million settlement in Canada was met with requests for funds from around 1,500 news outlets. Administrative costs are [expected](#) to be roughly 5% of the total settlement fund, leaving \$95 million left to be distributed. \$95 million split up across 1,500 outlets leaves an average of roughly \$63,000 in funds per outlet.

Comparing that with the total annual cost of lost traffic, \$156,000, and lost Facebook traffic, \$75,000, leaves a shortage in both cases. Even with the settlement funds, these news outlets are estimated to be worse off than before. The graph below shows the average estimated revenue gain vs. loss for total traffic.

## Settlement Funds Gained vs. Value of Lost Traffic

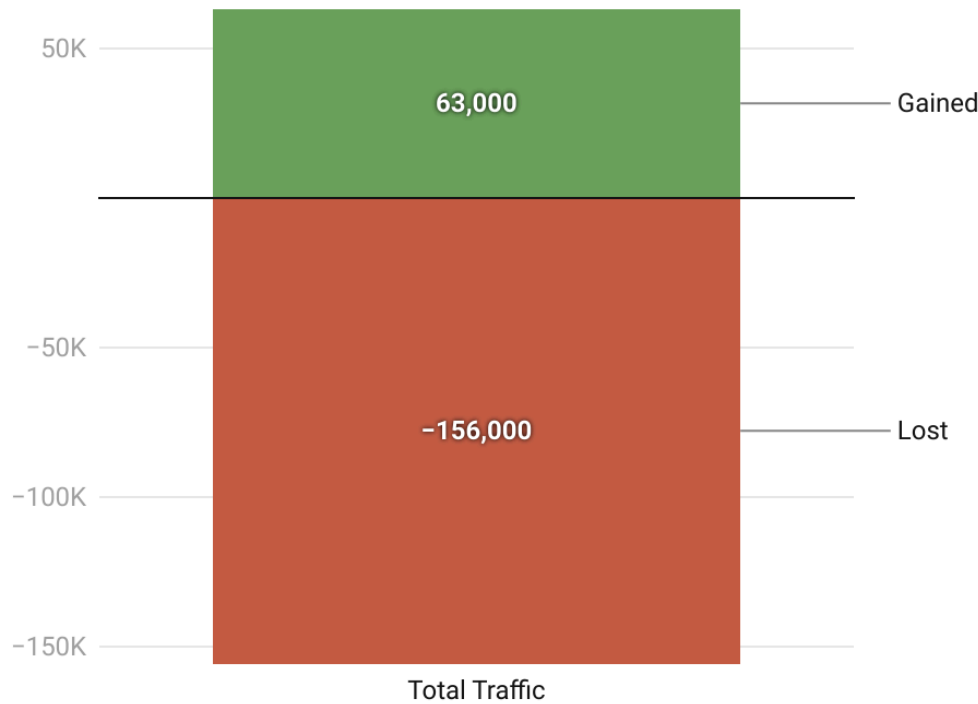


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Overall, Canadian news outlets will lose more on average than they stand to gain.

This negative outcome should provide a cautionary tale to lawmakers in California considering CJPA since the bill is now more closely aligned with Canada’s approach. The passage of the C-18 Law in Canada has had a negative [impact](#) on Canadian news publishers and that impact would likely be seen in California if were CJPA to pass.

Canadian local news publisher Jeff Elgie of Village Media [said](#) after the passage of C-18 in Canada, “If you ask me, any day I would say, keep your damn money and give us the Facebook traffic back.”