

House Business Affairs & Labor
03/10/2022 01:30 PM
HB22-1121 Supporting Local Media
Typed Text of Testimony Submitted

Name, Position, Representing	Typed Text of Testimony
<p>ALBERT MANZI For Prairie Mountain Publishing, LLP</p>	<p>Prairie Mountain Media, owners of 15 newspapers and websites and many more weekly publications in the state of Colorado including, Boulder, Longmont, Loveland, Greeley, Broomfield, Estes Park, Canon City, Lamar, Sterling, Fort Morgan, Brush, Julesburg, Burlington, Akron just to name a few. We have the largest print, digital and social audiences in our markets and within the state of Colorado.</p> <p>We support this bill because as everyone knows, digital media companies like Facebook, Twitter, Google, Amazon and others have total use of our content but do not pay anything to the producers for that content. The content makes them billions of advertising revenue.</p> <p>Newspapers and their digital sites have lost revenue every year since their market dominance started many years ago. Newspapers continue to support our ever challenged democracy. Newspapers and other media are under extreme stress to continue the local coverage while trying to compete for advertising and subscription dollars that are more and more fragmented.</p> <p>This bill offers all local advertisers a small amount of tax support to help them continue to support local media. It also offers subscribers some tax support for them to continue to support media that covers the issues so vital to their communities and to retain the watchdog support we all need. We know what happens when the checks and balances established by the constitution are no longer working.</p> <p>The money this bill will cost is a small price to pay in my opinion to help us protect those vital checks and balances in our system.</p> <p>I have worked in the media business for 40 years. We all know changes have to occur in order to protect the systems that protect our democracy. It is time for Colorado to take a leadership role in figuring out ways to protect what we hold so dear, this bill is certainly a good start.</p> <p>We have seen newspapers failing all over the country. People and organizations are documenting what happens in these communities when local news disappears. We all know the power of social media to spread misinformation and its dramatic influence on voters and leadership.</p> <p>I urge you to vote yes on this bill. Thanks for your thoughtful consideration.</p>

	Albert Manzi President and CEO, Prairie Mountain Media.
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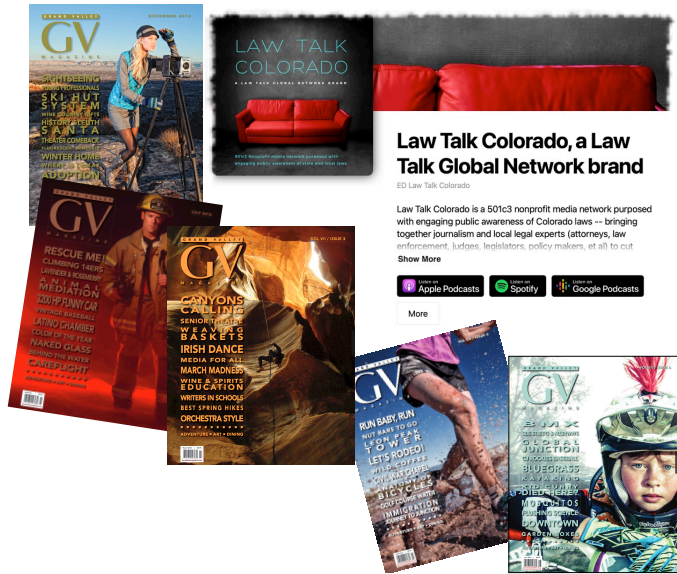
CO HB 22-1121 Concerning Local Journalism

Testimony: Opposed With Amendments & Alternative Solutions

By Krystyn Hartman 10 March 2022

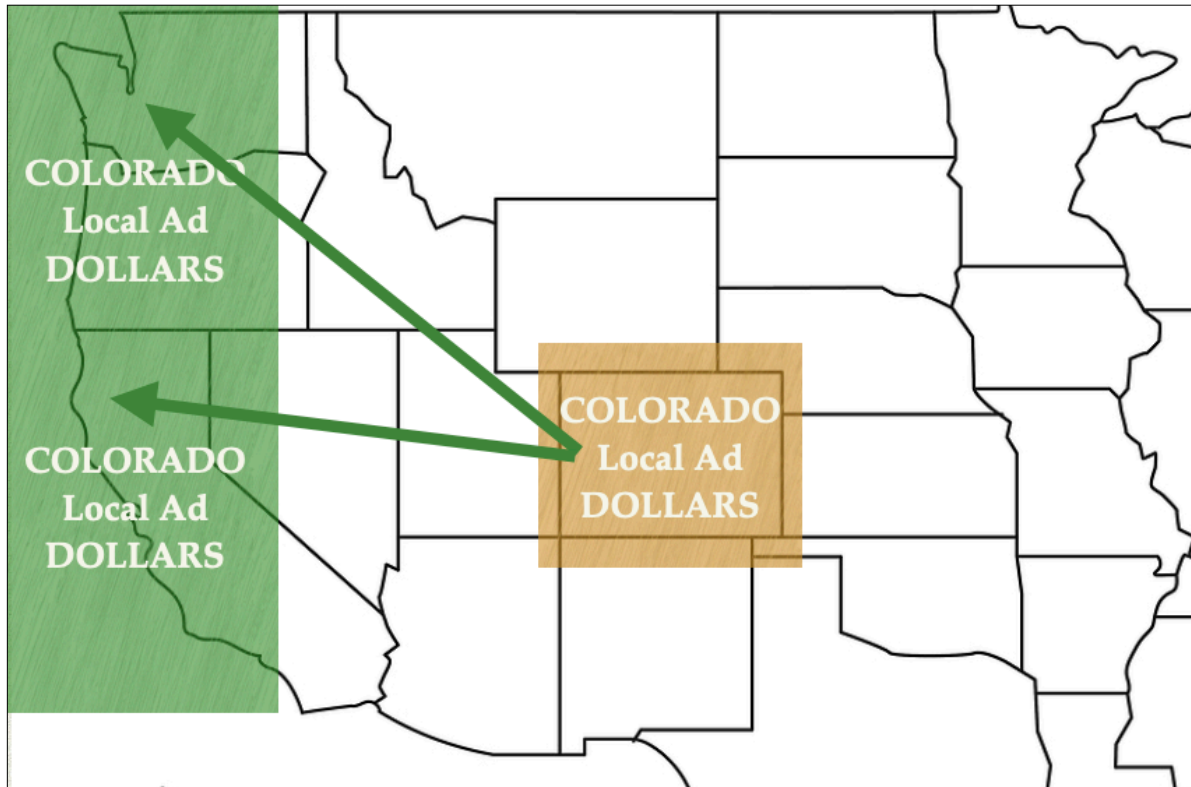
Thank You

Mr. Chairman, members of the committee, thank you for the opportunity to present to you today. My name is Krystyn Hartman, representing myself, as a retired career media professional with a BA in Russian Area Studies, and I am with you today from Western Colorado to oppose, with amendments, this bill because . . .



1. Propping up newspaper businesses through more monopoly subsidies does not stop the resource drainage of Colorado Local online ad dollars leaving our state nor does it solve local media's diversity problem. I am asking that you amend the bill to remove the newspaper subsidy portion of the bill. (All traditional publishers have been assimilated into the general user population in the new tech-publisher model.)
2. Consider amending the tax exemptions portion of the bill to include ALL news and related media in Colorado, which would level the local media field, while increasing diversity and options for subscribers.
3. Nearly all of our Colorado Local online advertising and sponsor \$\$\$ are leaving our communities for the Pacific Northwest and Asia.
 - 70% of all online ad dollars go to Google, Amazon, Facebook.
 - Facebook grosses \$4.3 million per 50,000 users per year.
 - Population of a rural Colorado county?

We could support a lot of local journalism for \$4.3 Million for every 50,000 local online Coloradans per year — if allowed to profit from our own stories and photos.



You have the opportunity to bring Colorado Local ad dollars back to Colorado communities, while returning to the People our Constitutional right to Publish, which includes the right to profit from our published works.

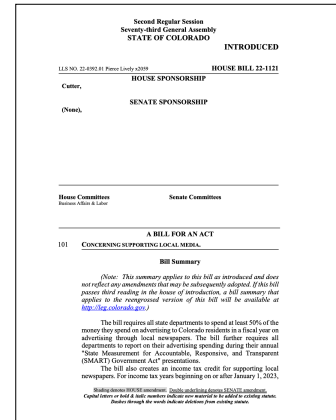
By addressing head on the unfair competition and predatory tactics of the Tech giants (Print-Distributor equivalents) that have drained and continue to drain our communities of the local ad dollars needed to support local journalism, we can turn our Colorado news deserts into the news oases that they should be.

Furthermore, we've seen in the past few weeks alone the power of these big tech platforms to cut off and control online access by the people of entire nations right down to specific local levels.

Now is the time to return local dollars, control, and messaging to our Colorado communities, but subsidizing newspapers is not the answer.

The Problem, As Written

Whereas HB 22-1121 purports to “support local media,” the bill has 32 occurrences of the word “newspaper,” but only 12 occurrences of the word “media,” and claims to justify its need based on a generous list of **Stated Assumptions** that positions newspapers as heroes. Overwhelming evidence proves otherwise.



Precedent

In the First Amendment of the US Constitution, “Congress shall make no law ... abridging the freedom of speech, or of the press,” the People’s freedom of speech supersedes, intentionally, that of the press.

The press does not take primacy over the People, yet the State of Colorado has for decades given the press that very thing:

- Guaranteed Legal Notices income - Legacy
- Subscription Sales Tax Exemption - Since 1973
- Guaranteed State Tax-Payer funded advertising income - CO HB22-1121.

Bias: Control the Message, Control the Masses

Newspapers, led by their publishers, are prone to bias (as with all humans) but enjoy tremendous unelected, unearned, concentrated, purchased or inherited power over mass messaging — and legislatures — that their ink has afforded them for 500 years.

- Bias when endorsing political candidates with the intention of influencing local voters
- Bias in determining which few out of thousands of stories to tell in its few pages each day — and why

Newspapers create message monopolies in communities, silencing voices of diversity who don't pay-to-play, as well as those they "don't like" or who dare to question their unelected power.

Newspaper Business Priorities

Newspaper businesses are beholden to,

1. Their shareholders,
2. Their families,
3. Large local advertisers,
4. Local power elites or "king makers,"
 - Economic Development Executive Boards (also major advertisers)
 - Real Estate Brokers and Development (also major advertisers)
 - Hospital Boards (also major advertisers)
5. Well being of their journalists and staff,
6. Public good.

Qualifications

Newspapers have held concentrated, unelected, monopoly power over community messaging, serving as privately-held public utilities with bias, for centuries, and yet,

- There are no qualifications for publisher other than owning or having the resources to acquire or start a newspaper, just like any other business owner/CEO.



Lack of Diversity

Newspaper publishers are not elected to represent the diverse voices in our communities, yet they monopolize community messaging and suppress diverse voices.

- Colorado's **Top 10 Newspaper Owners**
 - Approx **80% White**
 - Approx **73% Male**
 - In-Market **Monopoly** Positions
- Lack of diversity is and has been one of the leading problems facing newspapers for decades — a problem ignored as that lack of diversity grew into a key factor contributing to where they are today.
 - Lack of diversity in newsrooms
 - Lack of diversity of coverage
 - Lack of diversity among publishers
 - Lack of diversity among newspaper owners
- Lack of Diversity problem detailed in **Colorado Trust's Media Landscape Study 2021**
- From a production standpoint, HB 22-1121 requires recipient newspapers to have at least "one" journalist to cover "local and state issues of importance to the community" — and without bias — which is unrealistic, lacks in diversity, disrespects journalists everywhere, and not a solution to the problem

Intentional Market Manipulation

Control the message, control the masses.

HB 22-1121 details intentional market manipulation by the State in favor of and in collusion with the monopolists' newspaper lobby.

- State directed tax-payer funded messaging intended to "induce the citizens into acting" as directed by the ads, as well as to "induce the citizens" into subscribing to newspapers.
- Financial guarantees that continue to give monopoly favored status to one medium — newspapers — over all competing media entities in the state.

The bill, by giving monopoly favored status to newspapers, again, bars the way for the next evolution of journalism.

HB 22-1121 Tax Relief – More!

I've waited almost 10 years for this tax exemption for subscribers. Why? Newspapers have already been enjoying exemption from subscriptions since 1973, while magazines were not exempt.

In fact, in 2013, we got as far as a **Grand Junction City Ordinance** exempting local magazine subscribers from the tax. We were hoping that the local precedent would carry weight with the Colorado state legislature, but...



Case Study: Mesa County Colorado

Power of the Press

I was threatened personally, in writing, from a key member of the newspaper lobby should I dare pursue the exemption for fear that the legislature might remove the newspapers' exemption instead of granting the same exemption to magazines.

With the help of a few brave government affairs and municipal tax experts, we quietly pursued passage of a **Grand Junction City Ordinance** granting the same sales tax exemptions to magazines, at least within city limits.

However, I couldn't find anyone in the state legislature at the time who was willing to take on the wrath of the newspaper lobby and local kingmakers. I had no choice but to give up.

So, while my time has past, I'm extremely happy to see, albeit nearly a decade later, that legislators and the newspapers finally realized what we were trying to tell them in 2013:

None of us should be taxed on periodical subscriptions in the first place.

Missing Voices

Since 2014, Mesa County has lost

- Palisade Tribune Newspaper
- Fruita Times Newspaper
- Free Press Newspaper
- Grand Valley Magazine
- Things To Do Magazine
- Grand Valley Live Magazine



Monopoly Media

Control the message, control the masses.

Instead of teaming with our local media companies, the local Monopoly newspaper, 7th largest in Colorado, ...

- Purchased the *Fruita Times*, 120 year old newspaper, stripped it of its valuable state-sanctioned Legals contract, then closed it.
- Purchased the *Palisade Tribune*, 120 year old periodical, then closed it.
- Sells advertising space, including political ads, on the front page, above the fold, above the masthead — vulgar when measured by the standards of journalism.
- Purchased several local radio stations, increasing his monopoly position.



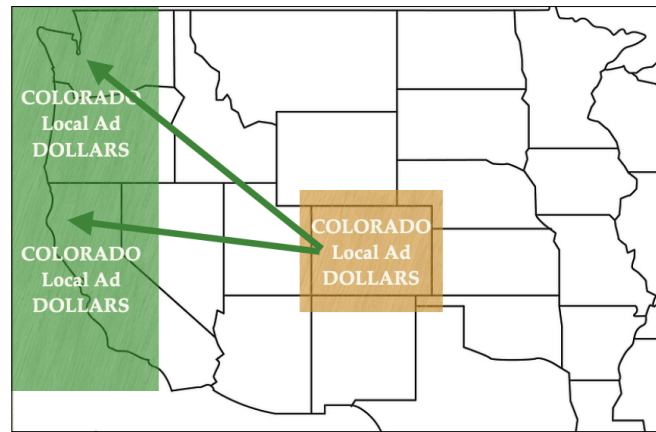
Not only are newspapers not the heroes HB22-1121 claims they are, but they silence voices of diversity and are no more qualified or without bias than those they dominate, measure, and silence with their elitist webs of power where all politics are local.

The drain of local media dollars out of our communities to big tech companies to enrich *their* communities while leaving us with news deserts dominated by gasping monopolists is a problem you have the power to correct.

The Bigger Problem: Resource \$ Drainage

More than 70% of all online advertising dollars, including local online advertising, end up with Google, Amazon, and Facebook.

- Local business dollars spent on online ads targeting local users have been redirected to the tech firms to grow their companies and benefit *their* communities.
- *Our* local media dollars are enriching local economies in the Pacific Northwest while 49% of *our* school students qualify for free and reduced lunches.

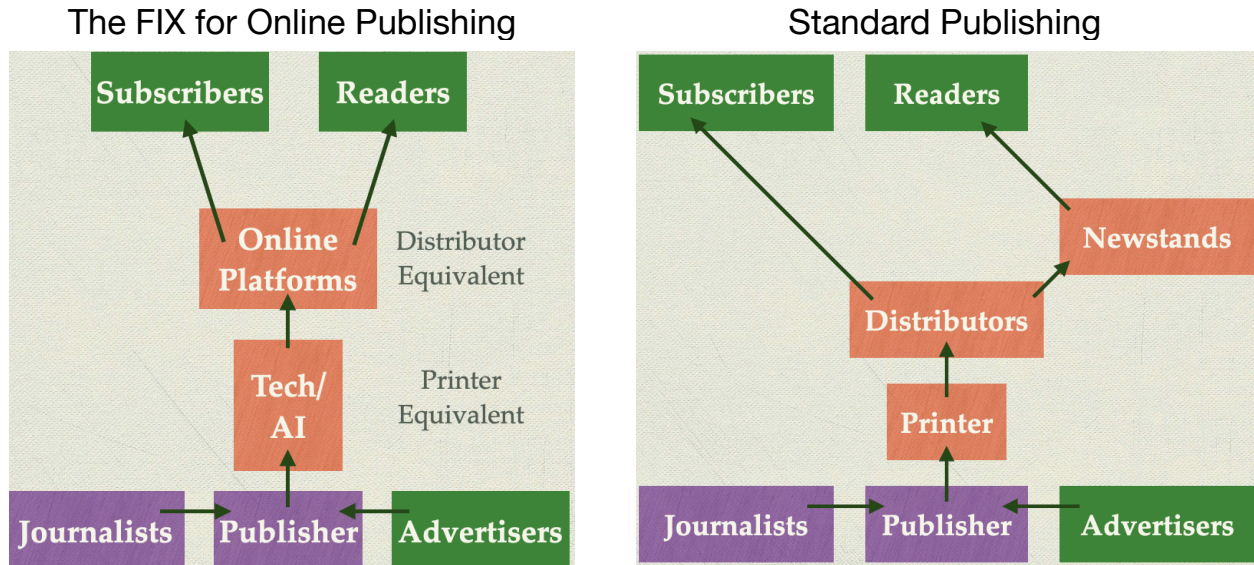


Those same local ad dollars used to be and should be spent with *our* local news media, so that

- *OUR* local businesses and nonprofits support *OUR* local journalism; then
- *OUR* dollars can circulate in rather than leave *OUR* communities

THE FIX: Publisher-Directed Ads with Tech as Distributor

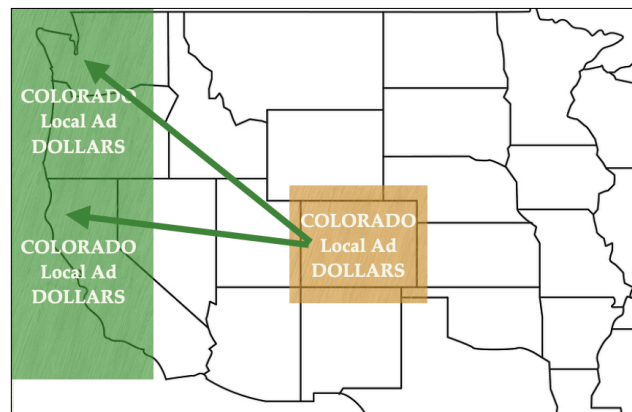
By correcting the Online Publishing Model in accordance with the Standard Publishing Model, local ad dollars stay in local communities to support local news media, opening the way for the next generation of diverse journalists and publishers that truly reflect our communities while enjoying the benefits of new technology — everyone wins.



- Tech/ AI & Online Platforms should be paid distribution vendors of the Publisher — in accordance with Standard Publishing.
- Publishers & Journalists, as owners of their Intellectual Property, should be able to approve, secure and get paid for the ads supporting their editorial content.
- Publishers & Journalists own the copyrighted editorial content and should pay Tech/ AI & Online Platforms to distribute the content just as we do with Standard Distributors.
- These are policy and regulatory opportunities for you to champion as solutions to our local news deserts and drainage of local advertiser dollars.

Action Strategy

Add a Task Force to the bill, to uncover exactly how much Colorado advertisers and sponsors are spending to reach local users with online ads in order to fully grasp the financial drain of *OUR* local media dollars to enrich businesses and communities in other states.



Conclusion

- Propping up newspaper businesses through more monopoly subsidies does not stop the resource drainage of Colorado Local online ad dollars leaving our state, nor does it solve local media's lack of diversity and monopoly-messaging problem. Please remove the newspaper subsidies in the bill and consider sunseting other laws that give monopoly favored status to newspapers.
- Tax exemptions on subscriptions for all media levels the field and increases options for subscribers, opening the way for diversity in the next evolution of journalism. Expand tax exemptions to include all subscription-based media companies.
- You have the opportunity to bring Colorado Local ad dollars back to our Colorado communities, while championing our Constitutional right to Publish, which includes the right to profit from our published works, by addressing head on the unfair competition and predatory tactics of the Tech giants (Printer-Distributor equivalents) that have drained and continue to drain our communities of the local ad dollars needed to support local journalism.

Thank you

Thank you again Mr. Chairman and esteemed Committee members for hearing my testimony today. I entered journalism decades ago because I believed what I was doing was important as an American in a world filled with propaganda. My time has past. And I know that, which means I can only try to pass on my insights and experiences to help the next generations of journalists evolve — hopefully, without the monopoly newspapers barring their ability to compete equitably, to publish and profit, while nurturing local news deserts into local news oases.

Again, thank you. I am happy to answer any questions.