

Dear Publisher:

Thought you might be interested in this testimony I recently submitted at a hearing on Congressman Udall's independent newspaper protection bill.



Congressman Les AuCoin
Testimony on H.R. 12395
Subcommittee on Miscellaneous Revenue Measures
Ways and Means Committee
August 11, 1978

Locally owned newspapers are a dying breed in this country. There is intense pressure on many independent publishers to sell out to chain operations, communications conglomerates or publishing corporations.

The statistics are startling. Each year, an estimated 40 to 60 daily newspapers in this country leave the ranks of the independents to become part of faceless giants with corporate headquarters hundreds or thousands of miles away.

With about 600 remaining independent dailies in this country, the handwriting is on the wall unless something is done to reverse the trend.

The Aspen Institute contributed some additional statistics last year. It said the percentage of chain-owned dailies had jumped from 45 per cent in 1966 to 60 per cent in 1976. In terms of total daily newspaper circulation, this increase was translated as a jump from 57 per cent in 1966 to 71 per cent in 1976.

The question is how to preserve local ownership. Congressman Udall came up with a possible approach last year that has been refined and perfected since then. It stands now as a bill worthy of consideration by the House.

While some parts of the bill have been modified from the 1977 version, the basic point remains the same: Independent publishers are given a reasonable way to arrange for payment of their estate taxes when they pass on their businesses to their heirs. As it comes to your subcommittee, Congressman Udall's bill allows independent newspaper owners to set aside sums during their lifetimes exclusively for paying estate taxes. It also provides for deferring payments of estate taxes for reasonable periods.

For those of us who value community journalism, these changes seem to make sense for independent publishers who are trying to preserve their interests in the face of stiff pressure from large competitors.

Undoubtedly, the high mortality rate for locally owned newspapers stems from a variety of factors. Tax policy is only one, but it's one we can do something about by devising a reasonable and intelligent form of protection for local publishers.

There are those today who will argue that special treatment is wrong. Indeed, some publishers with whom I've talked recently have raised questions themselves about a special tax provision for newspapers that isn't allowed for other small businesses.

The issue before you, in fact, may revolve around that question. I, for one, want to reserve final judgment until I hear more comment from publishers. However, my preliminary feeling is that some form of special treatment may be appropriate, given the special place locally owned newspapers have in our communities and given the special problems they encounter in surviving from year to year and in preserving their status from one generation to another.

But, despite these questions, the time is right to bring this issue up for full and complete consideration, and to decide what action is appropriate to arrest the disturbing newspaper death rate.

I took an informal poll of my own congressional district yesterday. To the best of my knowledge, there are two independent daily newspapers -- The Daily Astorian and the Albany Democrat-Herald. There are at least 25 weeklies which meet the test of independence -- the McMinnville News-Register, the Beaverton Valley Times, the Tigard Times, the Forest Grove News Times, the Wilsonville Times, the Hillsboro Argus, the Clatskanie Chief, the Lake Oswego Review, the Lincoln City News Guard, the Seaside Signal, the Tillamook Headlight Herald, the Milwaukie Review, the Newberg Graphic, the Benton Bulletin, the Columbia Press, the Canby Herald, the Polk County Itemizer-Observer, the Dayton Tribune, the Sun-Enterprise Newspapers, the Portland Observer, the Lincoln County Leader, the Newport News Times, Willamette Week, the Columbia Herald, and the Sheridan Sun.

It will be interesting to note, the next time I speak with you about this bill, how these numbers have changed.

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