

Nonprofit Journalism and the Need for Policy Solutions

For decades, some of the best journalism in America has been produced by nonprofit news organizations. Consider, for example, National Public Radio, National Geographic, the Associated Press, Consumer Reports, the American Spectator, Mother Jones and the Center for Public Integrity.

But now, thanks to a strange intersection of tax law and media policy, nonprofit news has hit a roadblock.

We've reported before on the Internal Revenue Service [holding up and delaying approval](#) of tax-exempt status applications for nonprofit journalism startups. Well, the agency is back in the spotlight this month in a [pair of articles in the *Columbia Journalism Review*](#), one penned by [Steve Waldman](#), the lead author of the Federal Communications Commission's massive Information Needs of Communities report.

The spike since 2008 in new nonprofit journalism organizations, which has been heralded as one of the bright spots in the future of media in America, raised red flags for the IRS, which has long taken an unfavorable view of journalism as a charitable activity. Now the IRS is bundling all nonprofit journalism applications and considering them as a whole.

There have been troubling signs throughout this review. The IRS has suggested that journalism organizations applying for nonprofit status stop taking any advertising or even take "journalism" out of their names. "The IRS has preemptively suggested that we modify

our procedures, change our policies and modify our articles of incorporation to remove the word ‘journalism’ because [journalism] is not a charitable cause,” says Kevin Davis of the Investigative News Network. Waldman points out that adopting this approach would raise fiscal challenges and First Amendment questions.

Over at the *Nonprofit Quarterly*, Rick Cohen outlines **three immediate impacts** this debate could have on the nonprofit journalism sector. The IRS delay could hurt the development of nonprofit journalism as donors are reluctant to contribute to an organization without 501(c)(3) status. The IRS could prescribe a set of changes to make journalism organizations better fit the agency’s narrow definition of “charitable” or “educational.” Finally, all of this debate could undermine longstanding journalism nonprofits whose tax status is called into question by critics or even donors.

Both Cohen and Waldman agree that the best resolution to this debate would be to have Congress amend the tax code to formally recognize journalism as worthy of charitable status. There are currently 26 categories of organizations recognized for nonprofit status, including cemetery companies, state-chartered credit unions and black-lung disease benefit trusts. Until Congress adds a category for journalism, this issue is up to the agency’s own interpretation.

In 2009, Free Press’s report, *Saving the News*, **called for revisions to the tax code** to better support a range of new journalism organizations. That same year, Sen. Ben Cardin introduced legislation that would have been a **step in the right direction**. The Newspaper Revitalization Act was an imperfect bill, but it made clear that we needed to revise our tax code to ensure that journalism was recognized as a vital public service. The IRS’s

actions underscore that it is time to rethink the Cardin legislation — not as a bailout for newspapers, but as a building block for all forms of nonprofit journalism.

As Free Press has long said, “If we want better media, we need better media policies. If we want better policies, we must engage more people in policy debates and demand better media.” The policy solution is clear, and the need to act couldn’t be greater. This isn’t about trying to save journalism’s past. It’s about trying to spark journalism’s future.