

# REBUILD LOCAL NEWS

California Assembly Committee on Labor and Employment  
1020 N Street, Room 155, Sacramento, CA 95814

April 16, 2025

Chair Ortega and Vice Chair Flora,

We write to respectfully recommend a **yes vote on Assembly Bill 611, the Keep News Independent Act**, sponsored by Assemblymember Alex Lee.

Rebuild Local News is the leading nonpartisan, nonprofit coalition developing and advancing effective public policies designed to strengthen community news and information. Our broad-based organization brings together the largest alliance of local publishers and labor unions, civic organizations and newsrooms representing both rural and urban communities. Together, these 50 organizations represent over 3,000 newsrooms and 15,000 journalists working together to revive local news.

AB 611 proposes to create a 120-day notice period before the sale of a legacy local news organization into non-independent ownership under a corporate chain, hedge fund, private equity firm or publicly traded company.

Acquisitions by these types of finance-dominated owners, which often lack close ties to the community, are associated with drastic cuts to local newsroom jobs and local news production. According to a recent academic study of 211 major U.S. newspaper acquisitions between 2005 to 2022, “The New News Barons: Investment Ownership Reduces Newspaper Reporting Capacity,” acquisition of a newspaper by an investment owner reduced the paper’s newsroom by nine reporters and editors compared to newspapers that remained under other ownership, a cut equivalent to 14 percent of the average newspaper’s staff.<sup>1</sup>

AB 611 is part of a new wave of journalism legislation that seeks to put a brake on the growing consolidation of local newsroom ownership under large corporate chains and financial firms. The 120-day notice framework in AB 611 is derived from a new Illinois law, the Local Journalism Sustainability Act,<sup>2</sup> that has inspired similar bills this session in

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<sup>1</sup>Peterson, E., & Dunaway, J. (2024). The New News Barons: Investment Ownership Reduces Newspaper Reporting Capacity. *The ANNALS of the American Academy of Political and Social Science*, 707(1), 74-89.

<https://doi.org/10.1177/00027162231211426> (Original work published 2023)

<sup>2</sup><https://www.rebuildlocalnews.org/illinois-landmark-legislation-to-support-local-news/>

Maryland (HB 51)<sup>3</sup> and Connecticut (HB 6418).<sup>4</sup> Similar concepts already exist in California law, which requires public notices for changes in control of community grocery stores<sup>5</sup> and 45 days' notice before the closure of a community grocery store or pharmacy.<sup>6</sup>

We suggest going even further than AB 611 currently provides, though improvements would require public appropriations, which the current bill does not. Well tailored buyer- and seller-side incentives could subsidize newsroom sales to nonprofits, for-profit public-benefit corporations or employees likelier to prioritize community stewardship.

This would not only help the community but ultimately provide more options for the current owners, who have put so much into creating local institutions and would rather have a strong local purchaser. Many of these owners have poured their hearts into serving their communities and end up selling to hedge funds only because they lack a local option.

The best way to avoid a sale to a destructive owner could be achieved by avoiding a sale entirely – by economically stabilizing the community-based newsroom operators that already exist. This could be achieved through the creation of a Community News Investment Fund that provides low-cost financing for news organizations that struggle with traditional lending,<sup>7</sup> as well as by a range of public policies designed to promote stability, sustainability and growth in local newsrooms.<sup>8</sup>

Nonetheless, we think AB 611 is a sensible approach, especially in light of one of those pending subsidies: California's proposed journalism funding settlement with Google.<sup>9</sup> With the public being asked to stake \$30 million or more of taxpayer funds to support local journalism, as currently proposed by Governor Newsom,<sup>10</sup> AB 611 is a reasonable guardrail against those public dollars unintentionally accelerating further consolidation and transferring taxpayer wealth into Wall Street's hands.

Best,

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<sup>3</sup><https://mgaleg.maryland.gov/mgaweb/Legislation/Details/HB0051>

<sup>4</sup>[https://cga.ct.gov/asp/CGABillStatus/cgabillstatus.asp?selBillType=Bill&bill\\_num=HB06418&which\\_year=2025](https://cga.ct.gov/asp/CGABillStatus/cgabillstatus.asp?selBillType=Bill&bill_num=HB06418&which_year=2025)

<sup>5</sup>California Labor Code § 2508.

<sup>6</sup>California Business & Professional Code § 22949.92.1.

<sup>7</sup><https://www.rebuildlocalnews.org/community-news-investment-fund/>

<sup>8</sup><https://www.rebuildlocalnews.org/policy-menu/>

<sup>9</sup><https://a14.asmdc.org/press-releases/20240821-assemblymember-wicks-secures-agreement-state-major-tech-companies-support>

<sup>10</sup><https://www.sacbee.com/news/politics-government/capitol-alert/article298353978.html>