

## **Alert** | State & Local Tax (SALT)



**December 2023**

### **California’s Proposed ‘Journalism Usage Fee’ Would Tax Internet Platforms for Linked News**

California’s proposed legislation, Assembly Bill (AB) 886, aimed at imposing a tax on internet platforms for their use of digital journalism content, has been delayed in the Senate but may resurface in 2024 with potential amendments.

#### **Key Details of AB 886**

The bill would apply to internet platforms with over 50 million monthly users or annual revenues exceeding \$550 billion, requiring them to pay a “journalism usage fee” to digital news providers. The fee amount would be determined through a mandatory arbitration process. AB 886 draws parallels to similar taxes in parts of the European Union, Australia, and Canada.

#### **Industry Reaction**

Large media platforms have expressed strong opposition, threatening to remove news services from California rather than comply with the tax, which they view as unfair. Search engines that rely on advertisement revenue have also raised concerns, highlighting that internet platforms substantially drive traffic to local news websites, aiding revenue generation.

## Next Steps

AB 886, having already cleared the Assembly, is not bound by the Jan. 31 deadline for 2023 bills. The Senate Judiciary Committee has yet to schedule a full hearing and vote on the bill, leaving its future and potential modifications open for discussion in 2024.

## Author

This GT Alert was prepared by:

- [Shail P. Shah](#) | +1 415.655.1300 | [Shail.Shah@gtlaw.com](mailto:Shail.Shah@gtlaw.com)

## Greenberg Traurig's State and Local Tax (SALT) Team:

### Arizona

- [Jake B. Smith](#) | +1 602.445.8334 | [smithjake@gtlaw.com](mailto:smithjake@gtlaw.com)

### California

- [Bradley R. Marsh](#) | +1 415.655.1252 | [Bradley.Marsh@gtlaw.com](mailto:Bradley.Marsh@gtlaw.com)
- [G. Michelle Ferreira](#) | +1 415.655.1305 | [ferreiram@gtlaw.com](mailto:ferreiram@gtlaw.com)
- [Colin W. Fraser](#) | +1 949.732.6663 | [frasercw@gtlaw.com](mailto:frasercw@gtlaw.com)
- [Courtney A. Hopley](#) | +1 415.655.1314 | [hopleyc@gtlaw.com](mailto:hopleyc@gtlaw.com)
- [Cris K. O'Neill](#) | +1 949.732.6610 | [oneallc@gtlaw.com](mailto:oneallc@gtlaw.com)
- [Shail P. Shah](#) | +1 415.655.1300 | [Shail.Shah@gtlaw.com](mailto:Shail.Shah@gtlaw.com)
- [Ruben Sislyan](#) | +1 310.586.7765 | [sislyanr@gtlaw.com](mailto:sislyanr@gtlaw.com)
- [James T. Smith](#) | +1 415.590.5104 | [James.Smith@gtlaw.com](mailto:James.Smith@gtlaw.com)
- [Jennifer A. Vincent](#) | +1 415.655.1249 | [vincentj@gtlaw.com](mailto:vincentj@gtlaw.com)

### Colorado

- [Marc J. Musyl](#) | +1 303.572.6585 | [musylm@gtlaw.com](mailto:musylm@gtlaw.com)
- [Neil Oberfeld](#) | +1 303.685.7414 | [oberfeldn@gtlaw.com](mailto:oberfeldn@gtlaw.com)
- [Andrew P. Rubin](#) | +1 303.572.6552 | [rubina@gtlaw.com](mailto:rubina@gtlaw.com)

### Delaware

- [Jonathan I. Lessner](#) | +1 302.661.7363 | [lessnerj@gtlaw.com](mailto:lessnerj@gtlaw.com)

### Florida

- [Marvin A. Kirsner](#) | +1 954.768.8224 | [kirsnerm@gtlaw.com](mailto:kirsnerm@gtlaw.com)
- [Joel D. Maser](#) | +1 954.765.0500 | [maserj@gtlaw.com](mailto:maserj@gtlaw.com)

### Illinois

- [Lawrence H. Brenman](#) | +1 312.456.8437 | [brenmanl@gtlaw.com](mailto:brenmanl@gtlaw.com)

**Massachusetts**

- **Brian Gaudet** | +1 617.310.6000 | [gaudetb@gtlaw.com](mailto:gaudetb@gtlaw.com)
- **James P. Redding** | +1 617.310.6061 | [reddingj@gtlaw.com](mailto:reddingj@gtlaw.com)
- **Robert C. Ross** | +1 617.310.5299 | [bob.ross@gtlaw.com](mailto:bob.ross@gtlaw.com)

**New Jersey**

- **Martin L. Lepelstat** | +1 973.443.3501 | [lepelstatm@gtlaw.com](mailto:lepelstatm@gtlaw.com)

**New York**

- **Scott E. Fink** | +1 212.801.6955 | [finks@gtlaw.com](mailto:finks@gtlaw.com)
- **Barbara T. Kaplan** | +1 212.801.9250 | [kaplanb@gtlaw.com](mailto:kaplanb@gtlaw.com)
- **Glenn Newman** | +1 212.801.3190 | [newmang@gtlaw.com](mailto:newmang@gtlaw.com)
- **Shira Peleg** | +1 212.801.6754 | [pelegs@gtlaw.com](mailto:pelegs@gtlaw.com)
- **Ivy J. Lapidés** | +1 212.801.9208 | [lapidesi@gtlaw.com](mailto:lapidesi@gtlaw.com)

**Northern Virginia**

- **Richard J. Melnick** | +1 703.903.7505 | [melnickr@gtlaw.com](mailto:melnickr@gtlaw.com)

**Oregon**

- **Nikki E. Dobay** | +1 916.868.0616 | [Nikki.Dobay@gtlaw.com](mailto:Nikki.Dobay@gtlaw.com)

**Texas**

- **Josh Prywes** | +1 214.665.3626 | [prywesj@gtlaw.com](mailto:prywesj@gtlaw.com)

**Washington, D.C.**

- **DeAndré R. Morrow** | +1 202.533.2317 | [morrowde@gtlaw.com](mailto:morrowde@gtlaw.com)

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