Illinois Department of Commerce & Economic Opportunity
OFFICE OF ENTREPRENEURSHIP, INNOVATION & TECHNOLOGY

Local Journalism Sustainability Tax Incentive Program

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Questions and Answers

APPLICANT INFORMATION

1. **When do applications open for the 2026 program year?** *[Added for 2026]*

   Applications for the 2026 program year will open on February 1, 2026.

2. **What criteria must be met to qualify as a Local News Organization?** *[Added for 2026]*

   Local News Organizations should apply at the entity level in which they independently meet the criteria under the definition of a Local News Organization in 35 ILCS 18/40-5, including content creation, employment of at least one full-time journalist, publication frequency, audience location, ownership disclosure, compliance with Illinois employment tax withholding requirements, and maintain financial independents of any other affiliated organization.

3. **I work for a publicly traded company. Am I exempt from this incentive?**
   [2025 FAQ – unchanged]

   No.

4. **Our 990 that we file with the IRS does not mention news in the mission, but it does talk about news in the program service activities. (we are public media)** *[2025 FAQ – unchanged]*

   Per 35 ILCS 18/40-5, *In the case of an entity that maintains tax status under Section 501(c)(3) of the federal Internal Revenue Code, the entity must have declared the coverage of local or State news as the*

stated mission in its filings with the Internal Revenue Service. If the entity is not 501(c)(3), this does not apply.

5. **I am a sole proprietor, and I have one part time employee (24 hours per week). I would be filing for the credit for myself (sole proprietor). Would I qualify?** *[2025 FAQ – unchanged]*

   Sole proprietors are not eligible for the program. Per 35 ILCS 18/40-10, *Employers, including employers that maintain tax status under Section 501(c)(3) of the federal Internal Revenue Code, that are local news organizations and that are required to deduct and withhold taxes as provided in Article 7 of the Illinois Income Tax Act are eligible to receive a credit against payments due under Section 704A of the Illinois Income Tax Act.*
   Additionally, for any employee to qualify, they would need to be employed for an average of at least 30 hours per week.

6. **Can a Sole Proprietor be eligible?** *[2025 FAQ – unchanged]*

   Sole proprietors are not eligible for the program. Per 35 ILCS 18/40-10, *Employers, including employers that maintain tax status under Section 501(c)(3) of the federal Internal Revenue Code, that are local news organizations and that are required to deduct and withhold taxes as provided in Article 7 of the Illinois Income Tax Act are eligible to receive a credit against payments due under Section 704A of the Illinois Income Tax Act.*

7. **Can an owner/operator, that isn't paid through payroll and pays their own self-employment taxes, qualify for the credit?** *[2025 FAQ – unchanged]*

   No. Per 35 ILCS 18/40-10, *Employers, including employers that maintain tax status under Section 501(c)(3) of the federal Internal Revenue Code, that are local news organizations and that are required to deduct and withhold taxes as provided in Article 7 of the Illinois Income Tax Act are eligible to receive a credit against payments due under Section 704A of the Illinois Income Tax Act.*

8. **We are currently an LLC in the process of becoming a nonprofit. We've submitted paperwork to the IRS but have not yet received a letter of determination. I want to go ahead and get my tax credit application in as a for-profit ASAP and hope to get the credit before the IRS gets to our determination letter. Would you agree with that strategy?**
   [2025 FAQ – unchanged]

   The application should be completed using the most accurate and up-to-date information available at the time of submission.

9. **Are university licensees eligible for this tax credit?** *[2025 FAQ – unchanged]*

   Yes, if the applicant meets all other eligibility criteria for the program.

10. **The application asks if the "Local News Organization" is a publicly traded entity. The stock of our company was publicly traded for a portion of 2024, but as of 10/1/2024 we are a private company. Do we answer this question "No"?** *[2025 FAQ – unchanged]*

The application should be completed using the most accurate and up-to-date information available at the time of submission.

11. **What documentation is required at the time of application?** *[Updated for 2026]*

Applicants must submit all documentation applicable to their organization, based on the information provided in the application. Required documentation includes the following, as applicable:

Required for All Applicants

- Qualified Journalist information, entered into the Department's required template
- Organizational structure disclosure identifying all related entities, entered into the Department's required template

Based on information provided during the application, the Department may require:

- IRS Form 990 for the most recently completed taxable year, demonstrating coverage of local or State news as the stated mission.
- Publicly posted board of directors or governance disclosure, if available.
- Beneficial ownership information, entered into the Department's required template.
- Publicly posted beneficial ownership disclosure, if available.
- Three (3) representative local news stories.
- Documentation demonstrating an active United States Postal Service (USPS) periodicals permit, including one or more of the following:
  - USPS Form 3541;
  - PS Form 3526; or
  - A recent mailing statement or invoice demonstrating active use of the permit.
- Analytics or audience measurement report, whether digital or broadcast market, that shows at least 33% of the audience is located in Illinois.
- Financial documentation showing Gross receipts and Total revenue, such as an income statement and statement of cash flows.
- Itemized PAC or political advertising documentation, including:
  - Name of the payer;
  - Date of receipt;
  - Amount received.
- Common Paymaster Attestation, if applicable.
- PEO agreement, if applicable.

12. **What are Political Action Committees and 501(c)(4) or 501(c)(6) organizations?** *[Added for 2026]*

Please reference the statutes below for defining Political Action Committees (PACs) or other entities described in Section 527 of the Internal Revenue Code;

- **Political organizations | Internal Revenue Service**

Please reference the statutes below for defining organizations that maintain tax-exempt status under Section 501(c)(4) or Section 501(c)(6) of the Internal Revenue Code.

- **Section 501(c)(6) | Internal Revenue Service**
- **Section 501(c)(4) | Internal Revenue Service**

FINANCIAL INFORMATION

13. **For providing gross receipts for previous taxable year. The year would be for 2023, correct?** *[2025 FAQ – unchanged]*

    Gross receipts would be for the previous taxable year.

    Example 1: If an organization's taxable year runs from January 1 to December 31 and the organization is applying in 2025, the gross receipts provided would be for January 1, 2024, to December 31, 2024.

    Example 2: If an organization's taxable year runs from July 1 to June 30 and the organization is applying in August 2025, the gross receipts provided would be for July 1, 2024, to June 30, 2025.

14. **What if we don't know the 527 or 501(c) organizing details of all of our advertisers?** *[2025 FAQ – unchanged]*

    If you are unsure whether any of your advertisers fall under Section 527 or maintain 501(c)(4) or 501(c)(6) status, you should make a reasonable effort to determine this information, such as reviewing publicly available records or requesting clarification from the advertiser. If, after due diligence, you are still unable to verify this, please contact ceo.journalismtaxcredit@illinois.gov for further guidance.

15. **In the case of a local news organization that is a subsidiary, are the gross receipt figures and cash flow statement related to the whole parent corporation? I mean, if that info is passed by from the local organization to the parent company.** *[2025 FAQ – unchanged]*

    If the subsidiary is the Local News Organization applying for the tax credits, the financials submitted would need to be at the subsidiary level. If the parent company is the Local News Organization applying for the tax credits, the financials submitted would need to be at the parent company level.

16. **For presenting the financial information, if our 990 is filed based on fiscal year (Jul - Jun), can we submit our fiscal year financial statements for the income statement and statement of cash flows (i.e. not calendar year)?** *[2025 FAQ – unchanged]*

    Both the income statement and cash flow statement submitted should be for the previous taxable year.

17. **Would a Cash basis Profit and Loss statement for 2023 be acceptable for Gross Receipts and Revenue earned?** *[2025 FAQ – unchanged]*

    Cash and accrual basis accounting are both acceptable. Both the income statement and cash flow statement submitted should be for the previous taxable year. Please use the same accounting method used when filing withholding taxes.

18. **If your fiscal year is different than the calendar year, can you report on the fiscal year? Our last fiscal year ended June 30, 2024.** *[2025 FAQ – unchanged]*

    All financials submitted must reflect the Local News Organization's previous taxable year

19. **Can we include our audited income statement and cash flows from June 30, 2024 (from our audited financials) as the uploaded statements? I would also add that our last IRS 990 tax filing is based on the fiscal year ended June 30, 2024.** *[2025 FAQ – unchanged]*

    All financials submitted must reflect the Local News Organization's previous taxable year.

20. **Our year-end is 6/30 - can we submit our 6/30 financials?** *[2025 FAQ – unchanged]*

    All financials submitted must reflect the Local News Organization's previous taxable year.

21. **Do advertisements from political candidates that are not explicitly political in nature, e.g. a newspaper ad in a Christmas-themed special edition that simply says, "Happy Holidays from _____," count toward the total for political ads? Is it a matter of content or is it strictly a matter of the client who's paying for the ad?** *[2025 FAQ – unchanged]*

    The Act focuses on the source of funding from political action committees or other entities described in Section 527 of the federal Internal Revenue Code or from an organization that maintains Section 501(c)(4) or 501(c)(6) status and requires total receipts. Therefore, it is a matter of who is paying for the advertisement.

22. **Would a standard profit and loss statement suffice for all financials?** *[2025 FAQ – unchanged]*

    The Department needs to account for total cash receipts from certain advertising sources, so a standard P&L might work if you can provide any further requested backup.

23. **So, for print publications all political advertising should be reported?**
    [2025 FAQ – unchanged]

    Total cash receipts should be reported for from political action committees or other entities described in Section 527 of the federal Internal Revenue Code or from an organization that maintains Section 501(c)(4) or 501(c)(6) for either print or digital publishing.

24. **Does printed political advertising count as political advertising?** *[2025 FAQ – unchanged]*

    Yes.

25. **The application asks for an income statement and cash flow statement which is prepared on a consolidated basis for our company. Should we submit these statements, or do we need to create a separate one for just our Illinois operations? The application asks for the organization's gross receipts, is this on a consolidated basis or just for our Illinois operations (we are assuming that this should be for just the Illinois operations)?***[2025 FAQ – unchanged]*

    Both the income statement and cash flow statement submitted should be for the previous taxable year from each Local News Organization. Please include all information, not just Illinois financials.

26. **Can I have Political Advertising revenue and still qualify for the program?** *[Clarified for 2026]*

    Per the law governing the program:

The organization must not have received more than **$100,000 in total revenue** during the **previous taxable year or any preceding taxable** year from political or advocacy organizations, including political action committees (PACs), other entities described in Section 527 of the federal Internal Revenue Code, or organizations that maintain 501(c)(4) or 501(c)(6) status under the federal Internal Revenue Code.

In addition:

The organization must not have **received more than 50%** of its gross receipts for the **previous**

year from political action committees (PACs), other entities described in Section 527 of the federal Internal Revenue Code, or organizations that maintain 501(c)(4) or 501(c)(6) status under the federal Internal Revenue Code, unless those payments are for political advertising during the FCC-defined lowest unit rate windows and using comparable rates. And;
Must **not have received more than 30%** of its revenue from the **previous taxable** year from political advertisements during lowest unit windows.

27. **Lowest unit rate window definition?** *[2025 FAQ – unchanged]*

    Per 35 ILCS 18/40-5, *"Lowest unit window" has the meaning given to that term by the Federal Communications Commission in its campaign advertising rate rules.*

PUBLISHING STANDARDS

28. **We publish digitally, with a focus on investigative journalism. We employ 10 journalists full-time. Last year, we published just under 40 stories on our website, along with our judicial voters' guide. Is there likely to be any flexibility on the publication restrictions?**
    [2025 FAQ – unchanged]

    Per the law governing the program- *in the case of a digital-only entity, the Local News Organization must have published one piece about the community per week over the previous 12 months and have at least 33% of its digital audience in Illinois, averaged over a 12-month period.*

29. **What if we don't publish frequently enough, but have won Pulitzers or other major prizes for our work in the recent past?** *[2025 FAQ – unchanged]*

    Per the law governing the program:

    1. In the case of a print publication, the Local News Organization must have published at least one print publication per month over the previous 12 months and either (i) hold a valid United States Postal Service periodical permit or (ii) have at least 25% of its content dedicated to local news;
    2. In the case of a digital-only entity, the Local News Organization must have published one piece about the community per week over the previous 12 months and have at least 33% of its digital audience in Illinois, averaged over a 12-month period; and
    3. In the case of a hybrid entity that has both print and digital outlets, the Local News Organization must meet requirements (1) or (2) listed above.

30. **Would think newsletters could work to help frequency, yes?** *[2025 FAQ – unchanged]*

Per the law governing the program:

1) In the case of a print publication, the Local News Organization must have published at least one print publication per month over the previous 12 months and either (i) hold a valid United States Postal Service periodical permit or (ii) have at least 25% of its content dedicated to local news;
2) In the case of a digital-only entity, the Local News Organization must have published one piece about the community per week over the previous 12 months and have at least 33% of its digital audience in Illinois, averaged over a 12-month period; and
3) In the case of a hybrid entity that has both print and digital outlets, the Local News Organization must meet requirements (1) or (2) listed above.

31. **Are television and/or radio broadcasting organizations eligible?** *[2025 FAQ – unchanged]*

Yes. These are considered digital for this Program.

32. **Please confirm whether a radio broadcast company with digital products would apply for both the radio and digital portions of our business or only the digital portion?**
[2025 FAQ – unchanged]

Radio broadcasting is considered digital for this program so would fall under the category option "Digital only". The radio broadcasting company would need to engage professionals to create, edit, produce, and distribute original content concerning matters of public interest through reporting activities, including conducting interviews, observing current events, or analyzing documents or other information and meet all other eligibility criteria

33. **How is frequency measured for the different media outlets?** *[Updated for 2026]*

Applicants are evaluated based on the type of media they produce:

- Print applicants must meet publication frequency requirements and demonstrate eligibility through a valid USPS periodicals permit or have at least 25% of its content dedicated to local news
- Digital-only applicants must meet publication frequency and Illinois audience thresholds.
    - Broadcast radio and television applicants must submit audience analytics or measurement reports appropriate to their broadcast market and service area.
- Hybrid applicants must meet either the print or digital criteria.

34. **What documentation is required to demonstrate an active USPS periodicals permit?**
[Added for 2026]

- USPS Form 3541 (Periodicals Postage Statement);
- USPS Form 3526 or equivalent permit documentation; or
- A recent mailing statement or invoice demonstrating active use of the permit.

BENEFICIAL OWNERSHIP / GOVERNANCE

35. **Are applicants required to disclose beneficial ownership?** *[Updated for 2026]*

    Beneficial ownership disclosure is required only for for-profit entities.

    Not-for-profit entities must disclose governance or board membership.

36. **Can you publish the beneficial ownership now? Or did it need to occur in 2024?** *[2025 FAQ – unchanged]*

    The application should be completed using the most accurate and up-to-date information available at the time of submission.

37. **If Joe is identified as a beneficial owner of two separate Local News Organizations applying for credits through the Program, and neither organization is independently owned or they include a private fund among their beneficial owners, does the $250K cap apply collectively across both entities, regardless of differences in other listed owners or variations in ownership percentages?** *[2025 FAQ – unchanged]*

    Yes, the $250K cap applies collectively across both entities because they share a common beneficial owner and are not independently owned or include a private fund among their ownership. The cap is enforced regardless of differences in other listed owners or variations in ownership percentages.

38. **Are applicants required to disclose related entities?** *[Added for 2026]*

    Yes. Applicants must provide an organizational chart showing all companies or entities connected to their organization. This includes:
    - *Who controls you* (any company or person that has the power to make decisions for your organization).
    - *Who you control* (any companies your organization owns or manages, including any DBA names, that operate under the same FEIN).
    - *Other companies under the same control* (companies owned or managed by the same person or group that controls your organization).

39. **Can organizations using a common paymaster apply?** *[Added for 2026]*

    Yes. However, they must submit an attestation from the common paymaster confirming that any awarded tax credits will be passed through to the eligible LNO.

40. **Can organizations using a Professional Employer Organization (PEO) apply?** *[Added for 2026]*

    Yes. However, they must submit:
    - A copy of the PEO agreement; and
    - Any additional documentation requested to verify the employment relationship.

QUALIFIED JOURNALISTS

41. **Who qualifies as a "Qualified Journalist"?** *[2025 FAQ – unchanged]*

    A Qualified Journalist is an employee who works an average of at least 30 hours per week and whose primary duties involve producing, editing, or publishing original local or state news content.

42. **Scenario: 50% of a local news organization organized as an LLC is owned by the publisher who also creates content, takes photos, posts on social media, etc. Can that role which consumes 30 hours per week be considered a qualified journalist?** *[2025 FAQ – unchanged]*

    If the individual is employed for an average of at least 30 hours per week AND is responsible for gathering, developing, preparing, directing the recording of, producing, collecting, photographing, recording, writing, editing, reporting, designing, presenting, distributing, or publishing original news or information that concerns local matters of public interest – yes.

43. **Are sports journalists eligible?** *[2025 FAQ – unchanged]*

    Yes.

44. **The applicant makes a broad definition of what constitutes a "qualified journalist". Is this your read as well? Most of our staff in some way gathers or develops or prepares or collects or writes/edits/reports/designs etc., etc. on the news. Seems too broad to be practical. Maybe the read is different for larger news orgs, but our small nonprofit shop here is largely dedicated to news related activities.** *[2025 FAQ – unchanged]*

    Per 35 ILCS 18/40-5, a "qualified journalist" is:

    > *a person who (1) is employed for an average of at least 30 hours per week; and (2) is responsible for gathering, developing, preparing, directing the recording of, producing, collecting, photographing, recording, writing, editing, reporting, designing, presenting, distributing, or publishing original news or information that concerns local matters of public interest.*

TAX CREDITS

45. **How are annual tax credit caps applied for affiliated or related entities?** *[Updated for 2026]*

    If the applicant meets all Local News Organization criteria, they may receive up to $150,000 in credits in a single calendar year. If the local news organization is not independently owned or lists a private fund among its beneficial ownership, no more than $250,000 in credits may be awarded in a single calendar year to all local news organizations that share the same ownership interest.

46. **Does the $150K cap include a mix of the existing and new qualified journalist positions?** *[2025 FAQ – unchanged]*

    Yes.

47. **Regarding shared ownership, if two organizations have unique EINs are considered related organization from a tax perspective but operate independently, are they subject to the $250K cap or the $150K per organization cap?** *[2025 FAQ – unchanged]*

    Per 35 ILCS 18/40-10,

    > *If the local news organization is not independently owned or lists a private fund among its beneficial ownership, no more than $250,000 in credits may be awarded in a single calendar year to all local news organizations that share the same ownership interest.*

    Per 35 ILCS 18/40-5,

    > *"Independently owned" means (1) the local news organization is not a publicly traded entity and no more than 5% of the beneficial ownership of the local news organization is owned, directly or indirectly, by a publicly traded entity; and (2) the local news organization is not a subsidiary.*

48. **So, it's an annual credit but claimed vs. a quarter. And if it exceeds IL tax liability what happens? Can this be sold like the film tax credit?** *[2025 FAQ – unchanged]*

    If the amount of credit exceeds the liability for the reporting period, the excess credit shall be refunded to the taxpayer.

49. **This is a refundable tax credit?** *[2025 FAQ – unchanged]*

    Yes.

50. **Do you have any insight on how the tax credit certificate can be applied? Our form 941 for instance indicates we pay about $36k/year on Illinois payroll tax. If we get a certificate for an annual $90k (6 employees worth), we use $36k to offset our payroll taxes to the State, but what happens with the remaining $54k? Is it refunded to we the news org? Or is it refunded to the State?** *[2025 FAQ – unchanged]*

    If the amount of the credit exceeds the liability for the reporting period, the excess credit shall be refunded to the taxpayer (Local News Organization Applicant).

OTHER

51. **If your application is rejected and an applicant subsequently appeals, do they go to the "back of the line"?** *[2025 FAQ – unchanged]*

    Yes. However, the Department will reach out if there are any questions about the application. If it is determined the applicant is ineligible, the application would be rejected, and any appeal would be reviewed in the order it is received.