



**Newspaper  
Association  
of America**

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**POSTAL AFFAIRS**

# Postal Regulatory Commission Allows Exigent Rates to Continue

The Postal Regulatory Commission (PRC) on July 29 issued an order that authorizes the U.S. Postal Service to collect an additional \$1.191 billion in contribution through the 4.3 percent surcharge that has been in place since early 2014.

The agency's order is in response to a remand in the exigent rate case considered by the U.S. Court of Appeals for the District of Columbia. In that case, the Court rejected the Postal Service's request to continue the surcharge permanently, agreeing with the PRC that the surcharge should sunset as soon as USPS recaptures revenues from lost mail volume due to the Great Recession. The Court, however, disagreed with the PRC's methodology used

to calculate the mail volume losses during the recession. In the order, the PRC used USPS' methodology for calculating the loss of mail volume during the recession and determined

USPS may reach the \$1.191B in additional contribution in eight or nine months.

that the agency lost an additional 9.8 billion pieces of mail due to the recession than it originally calculated. This loss of volume represents \$1.191 billion in contribution that

USPS can now recover through an extension of the 4.3 percent surcharge.

It is expected that USPS will reach the \$1.191 billion in additional contribution in eight or nine months, which means the surcharge is expected to sunset around April 2016.

*If you have any questions, contact Paul Boyle, NAA's senior vice president of public policy, at [paul.boyle@naa.org](mailto:paul.boyle@naa.org).*



The postal surcharge is expected to sunset next year.

# Q&A with Rep. Jason Chaffetz, R-Utah

*NAA spoke to Jason Chaffetz, who leads the House Oversight and Government Reform Committee, about FOIA.*

## 1. As chairman of the House Oversight and Government Reform Committee, what are your top legislative priorities?

At the outset of the year, my legislative priorities for the committee centered on making government more accountable and efficient. We have started the process of creating government reforms in a number of areas. Whether it's the IRS, OPM, FOIA, empowering IGs or federal rules that support incompetency – investigations alone will not suffice. Legislative fixes are essential and necessary. While many might focus on the "Oversight" part of the committee – I want to make sure that "Government Reform" is achieved so we actually fix the problem.

## 2. You mentioned the Freedom of Information Act. How would you rate the overall transparency of the federal government? Has the government become more or less transparent since you took office?

We are lacking sufficient transparency in a number of areas within the federal government, and FOIA is the latest to

showcase the lack of transparency. The FOIA backlog under this President's administration has doubled.

The media and the public has continuously confronted challenges in obtaining valuable information. Less than 30 percent of FOIA requests get an actual full and complete accounting of what has been asked for. The backlog, noncompliance and extensive delays underscore how transparency has lessened since my arrival.

## 3. FOIA becomes 50 years old in 2016. What needs to be done to fix the law?

The Committee has held two hearings on FOIA and clearly established that it's not working adequately for anybody. Last Congress, Congressmen Issa and Cummings introduced legislation that passed out of the committee, which was a good starting point. However, I would like to see two or three minor adjustments made. For example, there should be consequences for noncompliance within the federal government, and additional training for indi-



Chaffetz

viduals handling FOIA requests is needed.

## 4. You have been chairman of a committee for six months. What have you learned during that time?

As chairman, I have learned that in order to accomplish great work, we will have to find a way to work together. The best piece of advice I received was when I was a freshman congressman: it was that you can disagree, but just don't be disagreeable. I disagree with Elijah Cummings on almost every vote and issue, however in the past six months, I've cosigned nearly 150 letters with Congressman Cummings, and there have been 35 bills passed out of committee with the majority of bills having bipartisan support.

## 5. What role do newspapers play in your district?

Media outlets in Utah provide a way for journalists to report on stories that have an immediate impact on local residents and may not get picked up by national outlets. Newspapers especially play a vital role in getting news out to rural counties. Some residents have lived in the same county their entire life and they rely on smaller rural papers to deliver news that directly affects their livelihood.

# There's No Place Like Home

## Building Relationships with Your Legislators

One of the most effective ways to influence legislation is to build relationships with your legislators. The best way to begin or maintain an existing relationship is meeting your legislator in person, and you don't have to travel to Washington, D.C. to do it.

During the legislative year, Congress will take an occasional recess (also called district work period) that allows representatives and senators to go home and reconnect with their constituents. Policymakers will also meet with newspaper editorial boards during this time. The recess is the perfect time to build a relationship with legislators. You can call your [representative or senator's scheduler](#) to arrange a meeting in their office or you could invite them to take a tour of the newspaper. If a policymaker is visiting with your editorial board, the publisher could ask for some time after the editorial visit to talk about legislative



issues that are impacting the newspaper business.

Members of Congress are currently on the Summer Recess, which goes until September 8. If you schedule a meeting with your representative or senator; or if they are going to visit the newspaper, we encourage you to take a few minutes to talk to them about two key issues in play in Washington, D.C.: the threat to the business

deduction for advertising costs and efforts to reform the Freedom of Information Act. Background information and talking points on both issues can be found in the subsequent pages.

*Had a successful meeting with your legislator? Tell us how it went. Email Kristina Zaumseil at [kristina.zaumseil@naa.org](mailto:kristina.zaumseil@naa.org).*

## NAA Public Policy Quarterly Update

For more information, contact Kristina Zaumseil, NAA public policy assistant, at [kristina.zaumseil@naa.org](mailto:kristina.zaumseil@naa.org). Visit [www.naa.org](http://www.naa.org) and follow [@naaupdates](https://twitter.com/naaupdates).

# Congress Should Maintain Current Tax Treatment for Advertising Costs

## Background:

In the last Congress, a discussion draft on corporate tax reform was developed by then-chairmen of the congressional tax committees (Rep. Camp / Sen. Baucus). This draft included a provision that would require businesses to spread out over 5 (Senate) or 10 (House) years the deduction for 50% of the cost of their advertising. Current law allows all businesses to deduct these costs in the year they are incurred. The proposal was included in the draft as a revenue offset for reducing the corporate tax rate from 35 to 25 percent. Corporate rate reduction is a worthy goal, but it is important to note that the average rate paid by U.S. corporations is 22 percent.

The Joint Committee on Taxation (JCT) estimates the provision would generate \$169 billion over 10 years. In July 2015, the Senate Finance Committee "Business Income Working Group" issued a report on corporate tax reform and listed the amortization of adver-

tising costs as a funding option. Even if corporate tax reform never happens, the fact that the previous chairmen labeled the ad cost deduction as a revenue source assures that many people will seek to use advertising to fund various pet projects.

If you ask business people or thoughtful observers of tax policy, they will say there is no accepted rationale for limiting this business expense deduction. NAA is working with associations and companies representing television and radio, magazine publishers, advertising agencies and advertisers to support the current tax treatment for advertising.

## Talking Points:

- Almost every business in the U.S. advertises, and all of them have been allowed to deduct the cost of their advertising for 100 years. Like other expenses, such as rent and office supplies, it is an "ordinary and necessary" business expense that is fully deductible in the year it is incurred.

- Advertising continues to be the most important revenue stream to support newspaper journalism in local communi-

ties. The newspaper industry would face serious challenges if the tax treatment for advertising costs were reduced or eliminated. It should be noted that the draft bills would not have applied to businesses that spend less than \$1 million a year on advertising – but this overlooks the way coop and other forms of sharing advertising costs work in today's economy. Auto dealers to food stores receive financial support for their advertising in local newspapers.

- Advertising is a driving force in the U.S. economy. Advertising supports 20 million jobs and represents 19 percent of our country's GDP.

- The amortization of advertising costs will make advertising more expensive, and will result in a reduction of advertising. This proposed tax on advertising would place at risk approximately \$353 billion in total sales over five years and would threaten 1.1 million jobs.\*

- The deduction for advertising costs is the correct tax policy. We urge you to talk with your colleagues on the congressional tax committees and express your support for maintaining the current tax treatment for advertising costs.

\*IHS Global Insight



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# Congress Should Fix FOIA by the Law's 50th Anniversary

## Background:

The federal Freedom of Information Act (FOIA) was signed into law 49 years ago on July 4, 1966. In recent years, congressional committees have held hearings that have revealed that federal government agencies are not fulfilling their FOIA obligations in the way that Congress intended. Specifically, there have been well-documented delays and procedural hurdles that members of the public, including the media requesters, have faced in requesting documents under FOIA, often leading to costly litigation impacting requesters.

Legislation has been introduced in the House (H.R. 653) and Senate (S. 337) that would strengthen FOIA. Both of these bills have passed their respective congressional committees. Rep. Jason Chaffetz (R-UT), chairman of the House Oversight and Government Reform Committee, has expressed a desire to strengthen H.R. 653 before it goes to the House floor.

This year presents a big opportunity for Congress to enact bipartisan FOIA reforms.

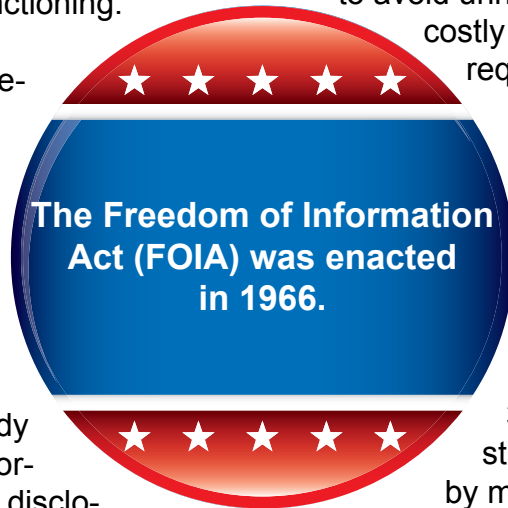
## Talking Points:

- Enacted in 1966, the Freedom of Information Act (FOIA) is used by individual citizens, businesses and the media – and Congress – to obtain information about how the government is functioning.

- Unfortunately, FOIA is not working as Congress intended. At the core of FOIA is the presumption that agencies should be ready to disclose information unless disclosure would reasonably be expected to harm an interest already identified in FOIA (e.g., personal privacy, national security). Unfortunately, a strong culture persists within government that the information belongs to the agencies, not American citizens.

- Some government agencies resist transparency at all costs, even though transparency in government will help it become more efficient and more accountable.

- Too often, FOIA doesn't work properly, and delays are a common problem. Some requesters have waited more than a decade for inquiries to be processed. Agencies do not have strong incentives to act on requests in a timely fashion or to avoid unnecessary and costly litigation with requesters.



- Legislation has been introduced in the House (H.R. 653) and the Senate (S. 337) that would strengthen FOIA by making the FOIA Ombudsman more independent, clearly stating in the law that there should be a presumption of openness for government agencies, modernizing agency technology by creating a single portal for agencies to accept FOIA requests, and ending agency refusals to disclose historical policy deliberations.

- We encourage you to support this effort to strengthen FOIA by co-sponsoring H.R. 653 or S. 337.