

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1119 (Delegate Foley)
Health and Government Operations

Procurement - Advertising - Local News Organizations

This bill requires that 50% of a procurement unit's total dollar value of procurement contracts for print or digital advertising be made directly to local news organizations, except for advertising outside of the State for the purpose of promoting tourism to the State or employee recruitment.

Fiscal Summary

State Effect: The bill creates operational inefficiencies to the extent that State agencies are required to alter the placement of paid media advertisements. No direct effect on revenues, but general fund revenues may be affected to the extent restrictions on advertising reduce lottery sales, as discussed below.

Local Effect: The bill does not materially affect local government finances or operations.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: "Local news organization" means an entity that: (1) engages professionals to create, edit, produce, and distribute original content concerning matters of public interest through reporting, conducting interviews, observing current events, or analyzing information; (2) has at least one full time employee who resides in Maryland or within 50 miles of Maryland and is dedicated to providing coverage of events in Maryland; (3) for a print publication, has published at least one print publication per month over the previous 12 months, holds a valid US Postal Service periodical permit, and has at least 25% of its content dedicated to local news; (4) for an entity that publishes content only in

digital form, has published at least one piece about events in Maryland per week over the previous 12 months and for which the entity averaged at least 33% of its audience in the previous 12 months as people located in Maryland; (5) has disclosed its beneficial owners or its board of directors; and (6) in the case of an entity that maintains tax status under § 501(c)(3) of the Federal Internal Revenue Code, has declared coverage of local or state news as its stated mission in a filing with the Internal Revenue Service.

Current Law: Advertising media includes newspapers, magazines, radio, television, direct mail, trade papers, billboards, window displays, conventions, exhibits, free samples, and similar promotional methods. State regulations allow advertising only for (1) recruitment of personnel; (2) procurement of scarce items; (3) disposal of scrap or surplus materials; (4) listing of a business's name and location in a classified directory; (5) notices or advertisements required by law or regulations; and (6) the delivery of public service.

State Fiscal Effect: The bill may limit the ability of State agencies to reach a broad audience. Local news organizations typically serve smaller, more targeted audiences compared to statewide or national media outlets. Accordingly, State agencies aiming to maximize their reach or advertise across the entire State may find it more effective to use broader media platforms. Mandating greater reliance on smaller local news organizations could create operational inefficiencies, particularly for agencies to review news organizations' coverage, employee residency, and readership/subscription data to verify that they satisfy the bill's extensive requirements.

The Maryland State Lottery and Gaming Control Agency advises that the bill requires shifting advertising funds away from broader, more widely viewed platforms on which it currently relies for advertising. This shift could reduce the overall effectiveness of its advertising campaigns, potentially leading to lower lottery sales and a corresponding decline in general fund revenues. However, the extent of consumer response and the precise impact on general fund revenues cannot be reliably estimated.

Small Business Effect: The bill benefits local news new organizations, many of which qualify as small businesses, by providing greater opportunities to sell advertisements in their published media.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Department of Information Technology; Department of Commerce; Maryland Department of Aging; Alcohol, Tobacco, and Cannabis Commission; Maryland Department of Agriculture; Department of Budget and Management; Maryland Department of Disabilities; Maryland Department of the Environment; Department of General Services; Department of Housing and Community Development; Department of Human Services; Department of Juvenile Services; Maryland Department of Labor; Department of Natural Resources; Maryland Department of Planning; Department of Public Safety and Correctional Services; Department of State Police; Maryland Department of Transportation; Department of Veterans and Military Families; Maryland Energy Administration; Maryland State Lottery and Gaming Control Agency; Department of Legislative Services

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