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The Association of Magazine Media

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April 15, 2015

Senator Orrin Hatch
Chairman
Committee on Finance
United States Senate
Washington, DC 20510

Senator Ron Wyden
Ranking Member
Committee on Finance
United States Senate
Washington, DC 20510

Dear Chairman Hatch and Ranking Member Wyden:

On behalf of MPA- The Association of Magazine Media I write today in response to the Senate Finance Committee's recent request for stakeholder feedback regarding the potential impacts of tax policy reform. For the record, we endorse the comments being filed with the Committee today by The Advertising Coalition, of which we are a member. We appreciate the opportunity to provide these supplementary comments and look forward to working with the Committee in order to provide meaningful, productive contributions to the important work you are doing regarding tax reform legislation.

Simplifying the tax code and reducing the corporate tax rate are tremendous tasks that directly impact the businesses, individuals and institutions that support our nation's economy. As such, magazine publishers have serious concerns regarding any proposal that would institute a new tax on advertising.

From the well-known international media companies to the small, niche and local businesses that make up our membership, the role of advertising to magazine publishing cannot be overstated – advertising is the lifeblood of our industry. In the United States, the print component of magazine publishing is a $25.2 billion industry which supports more than 100,000 jobs in a highly sought after professional field. In 2014, advertising sales in print accounted for 75 percent or $18.7 billion. While essential to our operations, advertising in magazines accounts for only a portion of the advertising pie. In 2014 businesses around the world spent over $141.3 billion to advertise their products and services in the United States.

A 2015 IHS Global Insight study examining the total economic impact of advertising expenditures in the U.S. estimates that every $1 spent on advertising yields $19 worth of direct and indirect economic output. Sales of products and services driven by advertising help support 21.7 million jobs or 16 percent of the 136.2 million jobs in the United States. The economics of advertising touch every cornerstone of the US economy from the large Fortune 500s to the small businesses that support local communities and constituencies across the nation.

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Magazine publishers have serious concerns regarding tax reform proposals that adversely impact the long-standing business practices of our industry by effectively implementing a new tax on advertising. Support for these practices has been in place since the enactment of the Federal Corporate Tax Code in 1913, which defines advertising as an ordinary and necessary business expense fully deductible under current law. Taxing advertising would create a disincentive for American companies to market their goods and services at adequate levels established by current policy, at home and abroad. The consequences of such action would ripple through the entire U.S. from media companies, advertisers and their agencies to the multitude of U.S. industries - including manufacturing, agriculture, healthcare, finance, housing, retail trade and construction- that depend on advertising to move their products and services. As such, a tax on advertising is a tax on the very mechanism that stimulates purchasing activity and grows the economy. The negative impacts of taxing advertising should be fully analyzed, as they stand in direct contradiction to the stated economic growth goals of comprehensive tax reform.

MPA and our members appreciate the resolve to meet economic growth goals through comprehensive tax reform. However, it is the position of our industry that any tax reform proposal that increases the cost of advertising will not yield the results intended. We appreciate the opportunity to provide this feedback, and look forward to working with the Committee as a productive contributor to future tax reform discussions.

Sincerely,

Rita Cohen

Rita Cohen
Senior Vice President
MPA- The Association of Magazine Media

Mary Holland

Mary Holland
Vice President
MPA- The Association of Magazine Media

MPA- The Association of Magazine Media is the national trade association for the consumer magazine industry. MPA represents close to 200 domestic magazine media companies with more than 900 national publications that span an enormous range of genres across print and digital media. Our industry plays a prominent role in culture, society and the economy by fulfilling readers' desires for timely information and entertainment that appeal to a broad spectrum of personal interests. Our members connect more than 90% of all U.S. adults to the print and digital magazine titles they trust and value most.