

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 459

(Senator Rosapepe, *et al.*)

Budget and Taxation

Government, Labor, and Elections

Procurement - Advertising - Maryland News Organizations (Local News for
Maryland Communities Act of 2026)

This bill requires that 50% of a procurement unit’s total dollar value of procurement contracts for advertising be made directly to Maryland news organizations, except for advertising with a primary audience focus outside of the State for the purpose of promoting tourism to the State, employee recruitment, or economic investment. It also requires units to prioritize advertising with Maryland news organizations that have a primary mission of reporting and serving underserved communities in the State.

Fiscal Summary

State Effect: The bill creates operational inefficiencies to the extent that State agencies must alter the placement of their paid media advertisements. General and special fund expenditures may also increase for agencies to comply with the bill, but a reliable estimate is not feasible. No direct effect on revenues, but general fund revenues may be affected to the extent that the State Lottery and Gaming Control Agency’s current advertising portfolio does not meet the standards of the bill, which may result in reduced 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: “Maryland news organization” means an entity that:

- 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;
- 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;
- 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 Maryland news;
- 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;
- has disclosed its beneficial owners or its board of directors;
- in the case of an entity that maintains tax status under § 501(c)(3) of the Federal Internal Revenue Code and is not either a print or digital publication, has (1) declared coverage of Maryland news as its stated mission in a filing with the Internal Revenue Service or (2) received a community service grant from the Corporation for Public Broadcasting prior to 2026; and
- is a broadcast station as defined under Section 3 of the Federal Communications Act of 1934 and has a community license in Maryland assigned by the Federal Communications Commission.

“Maryland news organization” does not include an entity that receives more than 50% of its gross receipts from (1) a political organization described in 26 U.S.C. § 527 or (2) any organization that maintains status under 26 U.S.C. § 501(c)(4), (5), or (6).

A procurement unit may consult with a third-party nonprofit organization to prepare and maintain a list of eligible local news organizations under the bill.

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 maximize their reach to a broad audience. State news organizations typically serve smaller audiences compared to national media outlets, which tend to be more trafficked and can still be used to target audiences in a specific region. Accordingly, State agencies aiming to maximize their reach

may find it more effective to use broader media platforms, including national social media outlets. MDOT notes that even some local television and radio stations have parent companies that are not Maryland-based, and invoicing for advertising often comes from those parent companies. Mandating greater reliance on State news organizations could create operational inefficiencies and require agencies to spend more money to have the same reach to audiences they may have otherwise had using broader media platforms.

Agencies advise that their financial systems are not currently designed to track advertising expenditures in the manner required by the bill. Furthermore, agencies need to develop and maintain a list of eligible news organizations that satisfy the bill's requirements, either independently or in consultation with a third-party nonprofit organization. However, a reliable estimate of these costs is not feasible without a more comprehensive analysis of the resources that are needed to comply with the bill.

The Maryland State Lottery and Gaming Control Agency, which does much of its advertising through local television stations such as WBAL and WJZ, advises that the bill is not expected to have a fiscal impact to the extent that those television stations meet the criteria of a Maryland news organization. If these stations do not meet the definition of Maryland news organization (because their owners are not based in Maryland), the bill likely requires shifting advertising funds away from the platforms on which the agency 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 potential impact on general fund revenues cannot be reliably estimated.

Small Business Effect: Maryland news organizations that also qualify as small businesses may benefit from the bill through greater opportunities to sell advertisements in their published media.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See HB 1119 of 2025.

Designated Cross File: HB 43 (Delegate Foley) - Government, Labor, and Elections.

Information Source(s): Department of Information Technology; Department of Commerce; Maryland Department of Aging; Maryland Department of Emergency Management; Maryland Department of Agriculture; Department of Budget and Management; Maryland Department of Disabilities; Maryland Department of the Environment; Department of General Services; Maryland Department of Health;

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; Department of Service and Civic Innovation; Maryland Insurance Administration; Maryland State Lottery and Gaming Control Agency; Department of Legislative Services

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