

February XX, 2017

The Honorable Kevin Brady  
Chairman  
House Ways and Means Committee  
1102 Longworth House Office Building  
Washington, DC 20515

The Honorable Richard Neal  
Ranking Member  
House Ways and Means Committee  
1139E Longworth House Office Building  
Washington, DC 20515

Dear Chairman Brady and Ranking Member Neal:

As you work on the enormous task of reforming this country's tax laws, the undersigned 50 state broadcasters associations respectfully urge you to reject any measure that would alter or eliminate a business's ability to deduct the full cost of advertising in the year it is incurred. Not only would such a change harm the main street businesses that rely on that advertising to sell their products and services but – as advertising is the lifeblood for local radio and television stations – any change to deductibility would deal an enormous financial blow to this country's local broadcasters as well.

For 100 years, advertising has been treated in the tax code as an ordinary and necessary expense of doing business, no different than the costs of employee salaries, rent and utilities. Potential limitations to the full deductibility of advertising will only stunt the stimulating economic effect of advertising, both locally in our hometowns and in the broader U.S. economy. According to a study by the economic consulting firm IHS Economics and Country Risk, advertising contributed to 19 percent of our nation's GDP, supported 20 million U.S. jobs and generated \$5.8 trillion in U.S. sales in 2014. Additionally, the study showed that every dollar of advertising spending generates \$22 of economic activity.

For local television and radio broadcasters, advertising is the primary source of revenue for most stations and for some it is the only source of revenue. Broadcasters rely on this advertising revenue to produce and deliver vital local and national news, emergency information and high-quality entertainment to their local communities free of charge. Nationwide, broadcast stations generate more than \$986 billion in economic activity and support 1.38 million jobs in all sectors, including auto dealers, banks, retail stores, and real estate brokers, among many others. Creating a disincentive to advertise has real consequences on the ability of broadcast stations to serve their communities with local programming and contribute to their hometown economies.

This issue is important enough to our local communities that all 50 state broadcasters associations have signed this letter asking you to please preserve the full, same year, deductibility of all advertising costs under the federal tax code.

Respectfully,

NASBA SAEs (listed)

CC: Members of Congress