



# NEW JERSEY BROADCASTERS ASSOCIATION

*Representing the Radio and Television Industry in the Garden State*

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Office of the President and CEO  
Paul S. Rotella, Esq.

12 July, 2017

The Honorable Orrin Hatch  
Chairman  
Senate Committee on Finance  
104 Hart Office Building  
Washington, DC 20510

The Honorable Ron Wyden  
Ranking Member  
Senate Committee on Finance  
221 Dirksen Office Building  
Washington, DC 20510

RE: Deductibility of Advertising Expenses

Dear Chairman Hatch and Ranking Member Wyden,

As you work on the enormous task of reforming this country's tax laws, the New Jersey Broadcasters Association, and the vast and the diverse membership of local radio and television stations that it represents, respectfully urges 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 Garden State's 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 a crippling financial blow to New Jersey's local broadcasters, as well.

For more than 100 years, advertising has logically 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 almost one fifth of our nation's GDP, supported 20 million U.S. jobs and generated over \$5 trillion in U.S. sales. Additionally, the study showed that every dollar of advertising spending in the United States generates \$19 of economic activity. Investment in advertising supports Main Street, manufacturing, retail, restaurants and more that are the economic heartbeats of our communities.

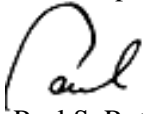
For most of New Jersey's local television and radio stations, advertising is the primary source of revenue, and for some, it is the only source of revenue. Broadcasters rely on this advertising revenue to produce and deliver vital local and national news, emergency information and high-quality entertainment free of charge to their local communities. New Jersey broadcast stations contribute in generating more than \$1.19 trillion in economic activity nationwide, supporting 2.49 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 New Jersey's broadcast stations to serve their communities with local programming and contribute to their hometown economies.

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On behalf of New Jersey's broadcast stations' advertising partners, the employees and families New Jersey's local broadcast stations support, and the listeners and viewers of local radio and television, the members of the New Jersey Broadcasters Association fervently urge you to reject any changes to the full deductibility of advertising.

Naturally, please do not hesitate to contact me on my cell at 201-914-0495 to supplement this correspondence in any manner. As always, thank you, Senators, for your continuing courtesies, and for those of your dedicated staff.

Most respectfully,



Paul S. Rotella, Esq.,  
President and CEO

CC: Senator Robert Menendez  
Senator Cory Booker  
Congressman Rodney Frelinghuysen  
Congressman Bill Pascrell  
NJBA Board of Directors