Prevent Harmful Changes to Advertising Tax Treatment

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The issue:

Congress should not pass legislation that hurts free, local broadcasting by modifying tax laws to make advertising more expensive for businesses.

- Advertising is currently treated as an ordinary and necessary business expense – just like salaries, rent and utilities – under the U.S. tax code. This means a business can fully deduct the expense in the year it was incurred.

- Some in Congress have suggested changing the tax treatment of advertising, including for specific types of products. **Any modification would ultimately make advertising more expensive for small businesses, threaten local jobs, and have a devastating impact on local radio and television stations** that rely on advertising revenue to survive — all during a post-pandemic economic recovery.

- Product-specific limitations would further raise significant First Amendment concerns and ignore the important consumer benefits that advertising provides.

Here's why:

For many local retailers, broadcast stations are the best ways to reach their customers and grow their businesses. Making advertising more expensive would hamper the growth of these businesses and their ability to provide jobs in the community.

- The economic impact of advertising is significant. An estimated **$988 billion in U.S. economic output and 1.36 million jobs are attributable to the stimulating effects of advertising on local television and radio** alone.[1]

- Advertising revenue enables broadcast stations to reinvest in their newsrooms and local communities. Decreased advertising revenues would impede stations' ability to offer the high-quality news, emergency information, sports and entertainment on which the public relies.

- Any proposal to change the tax treatment of advertising for a specific industry constitutes a troubling restriction on commercial speech and raises significant First Amendment concerns. The local broadcast radio and television industry contributes **$1.03 trillion of gross domestic product and 2.28 million jobs** to the American economy annually.[2]

- In 2024, advertising spending supported nearly 29 million U.S. jobs and stimulated a total of $10.4 trillion additional sales activity in the U.S.[3]

The bottom line:

Advertising should remain fully deductible as ordinary and necessary business expenses in the year it is incurred.

- Congress should not enact legislation that discourages advertising as it would hurt consumers and small businesses, impact jobs and harm broadcasters' ability to serve their local communities.

[1] Source: Woods and Poole Economics, "Local Radio and TV: Helping Drive the United States Economy: 2019"
[2] Source: Woods and Poole Economics, "An Analysis of the Importance of Commercial Local Radio and Television Broadcasting to the United States Economy: 2019"
[3] Source: S&P Global Market Intelligence, "The Economic Impact of Advertising on the US Economy, 2023-2029," referenced statistics based on 2024 data, study release: January 2025.

1 M Street SE
Washington DC 20003
202 429 5300 nab.org