

Kentucky newspaper wins nonprofit tax approval

BY JACK BRAMMER
KENTUCKY LANTERN

Bob Rouse, 68, of Midway is a loyal reader of The Woodford Sun. The Versailles-based newspaper means a lot to him: With it, he has been able to keep up with hometown events like school board and other governmental actions, community activities, scores from games of the high school's Yellowjackets, church milestones and obituaries.

"I guess I have been reading it all my life. It's about my community. It's about people I know," said Rouse, a writer who recently retired as vice president of marketing for National Tour Association in Lexington that connects global travel professionals.

But Rouse, a strong supporter of community journalism, is worried because he knows firsthand of the financial struggles newspapers across the country have experienced as traditional advertising and print circulation revenues have fallen. He was a marketing writer for the Lexington Herald-Leader until the newspaper eliminated his job in a series of cost-cutting moves.

Now, Rouse serves on an advisory board that wants to make The Woodford Sun stronger and viable.

The Central Kentucky newspaper with about 2,300 subscriptions plans to roll out in September its status as the first legacy newspaper in Kentucky to become a nonprofit. A legacy newspaper is one that began publishing before the internet era.

The primary reason for the change: money. More specifically, the lack of money.

More and more newspapers, especially in big cities, are transitioning to a nonprofit model to try to survive declines in traditional advertising and subscription revenue.

The new tax structure allows them to implement new funding streams such as tax-deductible donations, foundation grants and memberships, while protecting editorial independence.

Memberships are offered to paid subscribers who want to donate more to the paper. Reporter and community liaison Scott White said there will be a minimal fee to become a member. The board still is working on that amount, he said.

"It has taken a great deal of work to get to all of this," he said.

A LONG JOURNEY

The Woodford Weekly started in 1869 and became The Woodford Sun weekly in 1872. It has been operated by the Chandler family of Woodford County since Gov. Albert B. "Happy" Chandler bought it in 1942. Running it since 2022 is Ben Chandler, former state



PHOTO COURTESY OF THE WOODFORD SUN

Pictured left to right: Scott White, Lucie Chandler, and Ben Chandler, who run the Woodford Sun in Versailles, which is going from a for-profit to a nonprofit newspaper.

attorney general and member of Congress from Kentucky's 6th District from 2004 to 2013.

Chandler became publisher after his brother, Whit, died unexpectedly in January 2022 at the age of 57. Whit replaced his father, Albert Benjamin "Ben" Chandler Jr., who was the paper's publisher from 1959 to his death in 2016 at age 87.

Assisting Ben Chandler with operations of the paper today are his daughter, Lucie Chandler, who is the editor, and longtime friend, Scott White, a former attorney. The newspaper also has two other full-time staffers — business manager Bill Nave and reporter Bob Vlach. It has four part-time staffers — Brenda Stone in circulation, Tamara McSorley in layout and ad design, Melissa Patrick as copy editor/contributing writer and sportswriter Bill Caine.

For the last eight years, the newspaper has been running with "an operational deficit," said White. "For the last three years, we have been able to cut that with stronger ad sales but it is still operating in the deficit."

The newspaper, which runs about 12 to 14 pages a week, has had no layoffs but two employees recently have retired and another one left. The paper filled two of the vacancies. "Everybody at the paper is doing their job and more," said White.

Chandler said he personally has given the newspaper \$60,000 to keep it going. He has drawn no salary.

"I do this as a labor of love," he said. "Going nonprofit will keep us going with an improved product. It will keep the paper alive."

Chandler has been thinking about the nonprofit model since he took over four years ago. He started researching and talking to people in the community about the idea. He formed an eight-member advisory board on the subject in February 2026. It still exists with Chandler as board chairman.

Earlier this year, the IRS granted Chandler's nonprofit status for the publication. His for-profit paper became Woodford Sun

Community Newspaper.

"We're in a period of transition now," Chandler said. "We have donated the paper to the community, and will try to improve it and keep it alive with the community's help."

As a nonprofit, he said, any net revenue as a nonprofit will be reinvested directly into news coverage.

As a nonprofit, the typical subscriber will see no increase in cost as the paper tries to produce a better product. The yearly subscription cost is \$50 for Woodford County residents, \$60 for other Kentucky residents, \$65 for out-of-state residents and \$38 for Woodford County residents 65 and older.

The paywall on the website with ads will remain, White said. "Maybe later down the line, we can drop that," he said. (The Salt Lake Tribune in Utah, which went nonprofit in October 2019, officially removed its paywall this year and made all of its news content available for free, no subscription needed.)

Under the nonprofit status, donations to The Woodford Sun will be tax-deductible. White said the paper is making efforts to businesses in the area to support the paper. "We've had a positive response to our initial fund-raising effort," he said, declining to offer amounts.

Lucie Chandler said the paper also will be in a better position to obtain grants.

Another advantage, said publisher Chandler, is that the new tax status will prevent predatory takeovers from private firms. "We've never had any interest in selling the paper," he said. "And from what I've seen of some newspaper takeovers, I wouldn't want to do that to this community."

The Woodford Sun never entertained any thoughts of seeking government funding, said White. "We would be diametrically opposed to that."

In one way or another, newspapers have always been subsidized by the government from postal subsidies in the country's early history to public notices.

In 2022, the Nieman Lab, an online publication

and research project at Harvard University dedicated to helping journalism figure out its future, reported on a proposal for indirect support from state governments such as tax credits for local news subscriptions or payroll taxes.

The idea has not caught on. No state currently provides a tax credit directly to consumers for purchasing local news subscriptions.

Another revenue-enhancing scheme being considered for newspapers involving the government calls for a federal trust fund.

Proposed earlier this year by the Democratic Policy Network in Washington, an interstate network that organizes policy support for state leaders, the U.S. Treasury Department would house \$10 billion annually to distribute to local newspapers. Local citizen panels would be chosen — randomly like jury polls — to oversee the money.

That would be enough to fund 50,000 new local reporting jobs across the country, the network said.

The U.S. Congress has not given much consideration to the proposal.

According to the Washington-based Pew Research Center, only 10% of U.S. adults believe direct government funding should be a major revenue stream for news organizations.

"We did not want to go any route depending on the government," White said. "We wanted to avoid the appearance of giving the government any hint of editorial influence."

Is White concerned about influence from large donors to The Woodford Sun?

"People are always trying to influence what's in the paper," he said. "We will keep our editorial independence. We, who manage the paper, will see to that."

Our board will see to that."

As a nonprofit, the paper cannot be sold like a traditional business. If it dissolves, its remaining assets must go to another nonprofit.

A disadvantage of going nonprofit is losing the right to endorse specific political candidates or political parties.

"We have not endorsed in years," said publisher Chandler.

ARE NONPROFITS THE FUTURE?

"I think the answer is yes," said Al Cross, professor emeritus of journalism at the University of Kentucky. "The old business model is barely holding up."

"I also think going nonprofit, with community buy-in through donations, premium subscriptions and dialogue about content, can insulate local news outlets from suspicion that they have an agenda other than seeking the truth and reporting it."

"The big news outlets have largely lost that battle with most Americans, but I think there is still a reservoir of good will toward local journalists, especially those who are known to the audience."

Cross also said he favors revenue-producing measures like tax credits for subscriptions and a federal trust fund for local journalism. But he acknowledged those moves would not be acceptable in some communities.

The Kentucky journalist also voiced support for a state law "requiring a certain percentage of state and local government advertising (not public notice ads) to go to bona fide news organizations with proven circulation."

He said New York City has such a law and it has helped many neighborhood

publications. Maryland is the only state with a statewide law requiring a specific percentage of government advertising to go to local news outlet, reports Rebuild Local News. It is a nonpartisan, nonprofit organization that advances public policies to counter the collapse of local news.

"Of course, we need to preserve or even expand public-notice advertising, which has become an essential revenue source for local newspapers, much as it was in the first half-century of the republic," Cross added.

The Salt Lake Tribune in October 2019 was the first legacy newspaper in the United States to become a nonprofit. With the elimination of the website paywall, all of its news content is free.

NPR reported that the paper last year had a digital subscription revenue of about \$2.6 million from 32,000 digital subscribers. It expects up to 75% of digital subscribers will continue as paying donors. It also received a \$1 million pledge from a board member.

Other notable newspapers have gone the nonprofit route, including the Chicago Sun-Times in 2022, the Pittsburgh Post-Gazette in May and the Maine Trust for Local News, which owns five of Maine's six daily newspapers. The Minnesota Star Tribune is actively pursuing a transition to a nonprofit, foundation-owned model. The St. Petersburg Times that was renamed the Tampa Bay Times in 2012 is owned by the Poynter Institute — a nonprofit journalism school.

Though the Woodford Sun will become the first legacy newspaper in Kentucky to become a nonprofit, Kentucky has several

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