

GOVERNMENT AFFAIRS WATCHDOG

PACKAGING REQUIREMENT

The Department of Toxic Substances Control (DTSC) is responsible for implementing a law that prohibits the intentional introduction of cadmium, lead, mercury, and hexavalent chromium in product packaging and packaging components.

Effective January 1, 2006, manufacturers and suppliers must provide a "Certificate of Compliance" to the purchaser of packaging and packaging components stating that their product complies with the law. The law provides certain exemptions from compliance with these statutory requirements. See DTSC's Toxics in Packaging web page at www.dtsc.ca.gov/ToxicsInPackaging/index.cfm for a sample certificate of compliance.

NEW BILL PROPOSED

The speaker of the California State Assembly has proposed legislation that would set new guidelines for a printed direct marketing tool called the "lead card." The mailed cards invite recipients to opt in to receive information from a company via telephone, even if they are on the Do-Not-Call registry. The cards have come under fire because they are used to circumvent "do-not-call" laws and have often implied an affiliation with the federal government or advocacy group.

The bill, AB 2059, introduced by Fabian Núñez, would require lead cards sent by marketers doing business in California to clearly disclose the sender's identity and to include a notice that by replying, recipients might be giving up their right to avoid telephone solicitations from the

NEW ILLNESS/INJURY PROGRAM TOOL

We are pleased to announce an exciting web-based tool for members: the PIC Illness/Injury Prevention Program. The program is a comprehensive, interactive tool that provides instruction and links to multiple forms that will allow you to create (or update) this government mandated program.

As of 1991, an Illness Prevention Program is required for every California employer.

An Injury and Illness Prevention Program (often called SB 198 Program) must be in writing and be effective, and should, among other tasks, include the following: initiate an employee safety training program, identify who is responsible for training, and encourage employees to report unsafe conditions without reprisal and immediately take corrective action.

Your insurance provider, state government, small business owners, and major corporations alike now realize that the actual cost of a lost workday injury is substantial. For every dollar you spend on the direct costs of a worker's injury or illness, you will spend much more to cover the indirect and hidden costs.

The program can be found at your association web site: www.piasc.org under the "Business/Technical" button, or www.piasd.org under "Gov't Affairs."

sender—even if their phone numbers are on the federal "Do Not Call" Registry.

The bill was introduced in response to reports that elderly people who replied to lead cards were often faced with hard-sell pitches.

SHIPPING/DELIVERY CHARGES

Remember that transportation charges for shipments of taxable merchandise are generally not taxable if

- The charges are separately stated,
- The transportation is made by facilities other than that of the retailers, such as the U.S. mail, an independent contract or common carrier,
- The merchandise is shipped directly to the purchaser, and

- The amount charged is the actual cost of the transportation.

The BOE's audit staff is finding that businesses frequently charge more for shipping than their actual cost. The amount in excess of the actual cost of shipping must be included in your taxable sales. In other words, any markup applied to the actual cost of the shipping is taxable, and should be maintained in your records on a transaction-by-transaction basis.

For more information on taxing shipping charges, see Special Topics: Delivery Charges, or Regulation 1628, Transportation Charges, available from our website at www.piasc.org under "Government Relations,"



**Affiliated
Associations:**

Printing Industries of California

Printing Industries of Northern California www.pinc.org

Printing Industries Assn. of Southern California www.piasc.org

Printing Industries Assn. of San Diego, Inc. www.piasd.org

(323) 728-9500

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INTERNET TAX

The Assembly Revenue and Taxation Committee will hear AB 1956 (Charles Calderon, D-Whittier) which imposes an expansive, unprecedented new internet tax on Californians who purchase digital property.

PIC is actively opposing this bill, believing it to be bad tax policy and harmful to businesses, consumers and the economy.

Passage of this bill would alter California tax policy to the detriment of the state constitution and economy. AB 1956 attempts to avoid the constitutionally required 2/3 vote in the Legislature for new taxes imposed by Proposition 13 by ordering the Board of Equalization to draft new regulations reclassifying digital goods as tangible property without providing the required underlying statutory authority.

The bill also contains serious flaws that reverse years of tax policy and will harm state revenues rather than augment them. This new tax does not limit the definition of "digital goods," potentially imposing a new tax on all electronically delivered products and services. Electronically delivered products and services include not only books and music but also information and software delivered by application service providers, digital photos, advertising images, printing jobs, online training, customer mailing lists, online streaming content, web-based video games, pay-per-view movies, and numerous untold products and services.

If enacted, AB1956 would create a presumption that all new electronically delivered products and services are subject to sales and use tax, potentially stifling innovation and development as these new taxes inhibit both commercial and consumer demand.

RENEWABLE POWER INITIATIVE

A statewide initiative that would have at least half the state's electricity coming from the sun and other renewable sources by 2025 has generated more than enough signatures to qualify for the November ballot, according to its sponsors.

The proposed Solar and Clean Energy Act aims to shift California away from

JUNE BALLOT INITIATIVES

Two propositions have qualified for the June 3, 2008, direct primary election ballot: Propositions 98 and 99.

Proposition 98 - Government Regulation of Private Property. Constitutional Amendment.

This proposition bars state and local governments from condemning or damaging private property for private uses. It also prohibits rent control and similar measures. Prohibits deference to government in property rights cases; defines "just compensation"; requires an award of attorneys fees and costs if a property owner obtains a judgment for more than the amount offered by the government; and requires government to offer to original owner of condemned property the right to repurchase property at condemned price when property is put to substantially different use than was publicly stated. The fiscal effect on most governments probably would not be significant.

Proposition 99 - Eminent Domain—Acquisition of Owner-Occupied Residence. Constitutional Amendment.

This proposition bars state and local governments from using eminent domain to acquire an owner-occupied residence, as defined, for conveyance to a private person or business entity. It creates exceptions for public work or improvement, public health and safety protection, and crime prevention. The measure would likely not have a significant fiscal impact on state or local governments.

At this time, PIC has not taken a position on either proposition.

coal, natural gas and other fossil fuels as sources of electricity. The stated goal is to reduce global warming.

However, prominent advocates of renewable energy, such as the Union of Concerned Scientists and the Natural Resources Defense Council, oppose the initiative, claiming it would thwart clean-energy projects and raise electricity bills. California law requires that 20 percent of electricity sold in the state be renewable by 2010, and Gov. Arnold Schwarzenegger has called for a 33 percent target by 2020.

Proponents of the solar initiative said current targets are too lax, and the Legislature is too beholden to traditional energy interests to accelerate the transition to clean energy.

CLEANUP SOLVENT RULE SPREADS

Over the past three years, we have written several articles on the move by the South Coast Air Quality Management District (SCAQMD) to regulate the VOC content of cleanup solvent to less than 100

grams per liter. On January 1, 2008, the SCAQMD finally achieved its goal for lithographic and screen conventional ink use. It also gave UV/EB ink system until January 1, 2009 to achieve this goal.

During this period, we frequently mentioned that other air districts in California were waiting to see what happened at the SCAQMD. Once this district acted, the others swung into action.

At this time, revision to the cleanup solvent provision for lithography and screen printing (conventional and UV/EB ink system) has been introduced by the San Joaquin Valley Air Quality Management District, Yolo/Solano Air Quality Management District, and Sacramento Air Quality Management District. Moreover, the Bay Area Air Quality Management District has a draft rule in hand but has yet to release it.

All of these districts are mirroring the SCAQMD Rule 1171. The only difference is that printers in those jurisdictions have until January 1, 2010, to comply.