

GOVERNMENT AFFAIRS WATCHDOG

Do Not Mail

On January 25, 2010 the **Seattle City Council** voted 8-1 in favor of the modified Do Not Mail resolution. That makes it the second city to do so (along with San Francisco).

Four days earlier the **Berkeley Commission on Labor** unanimously voted to oppose the Do Not Mail resolution and communicate this to the Berkeley City Council. Fifteen opponents to the resolution testified while no one spoke in support of it. Those who testified include printers, the U.S. Postal Service, Direct Marketers, and small business.

Five days later the **Berkeley Zero Waste Committee** voted, at the end of the evening, to hold over the measure till their next meeting at the end of February. However they did use their brief 10 minutes on the topic to attack the growing landfill issue and blame printers and direct mailers (mainly businesses).

They were a little more sympathetic to the unions than businesses. We project that this committee will support the resolution and the City Council will have to decide on jobs versus landfill.

The resolution is likely scheduled to be heard in San Jose and Monterey in the next couple of months and is posed to come your way in the near future.

WORKPLACE POSTINGS

In California, all employers must meet workplace posting obligations. The employer has the responsibility to

VALUE GOOD FACTORS—DIGITAL PRESSES

Last year we gained a major victory at the State Board of Equalization (BOE) in changing the value good factors (the flip side of depreciation) for sheetfed presses. But our work is not done. We now turn our attention to digital presses.

By digital presses, we mean presses that are capable of variable data printing for each impression. These devices are generally situated in operational print settings requiring high quality and speed, such as, but not limited to, data centers, in-plant services, and commercial printing operations, and fulfillment houses.

The Board has identified two industry representatives—PIC and Xerox—to make recommendations on the life and thus value good factors (the market value) of digital presses at various ages.

It is the same exercise that we went through for sheetfed presses. We hope to have this done by the end of summer.

For more information, contact Gerry Bonetto at 323-728-9500.

conspicuously display various government labor law posters in the workplace.

The purpose of these labor law posters is to inform employees of their rights under applicable laws and provide information on how to report discrimination, wage and hour violations, and any other rights infringements to the government.

Failure to comply with these labor law posting requirements could lead to fines during an inspection. Fines vary by notice and by enforcing agency. They range from as low as \$110 up to a potential maximum of \$10,000.

In total, businesses that don't post these required notices or post outdated information could face combined fines up to \$17,000 per location.

Given these stiff fines, you're taking a

chance by not updating your posters. To make it easy and cost-effective for you to comply, PIC has available the combined all 20 state and federal notices (27" x 39"). The USERRA posting, which in previous years was a separate poster, has now been added to the combination poster. Moreover Wage Orders #1 (Manufacturing) and #4 (Professional, Clerical) of last year have not been revised, and therefore you need not replace them.

Thus you'll only need the all-in-one poster. The cost, which includes tax, shipping and handling, is \$24.00 for members and \$33.00 for non-members.

The easiest way to order available posters is to call Marcos Uribe at (323) 728-9500, Ext. 299.



**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

(415) 495-8242

(323) 728-9500

(858) 571-6555

CALIFORNIA ADOPTS FIRST GREEN BUILDING STANDARD

The California Building Standards Commission recently unanimously adopted the first-in-the-nation mandatory Green Building Standards Code (CALGREEN) requiring all new buildings in the state to be more energy efficient and environmentally responsible. The standard takes effect January 1, 2011.

The standards will require:

- Every new building constructed in California to reduce water consumption by 20 percent, divert 50 percent of construction waste from landfills and install low pollutant-emitting materials.
- Separate water meters for non-residential buildings' indoor and outdoor water use, with a requirement for moisture-sensing irrigation systems for larger landscape projects and mandatory inspections of energy systems (for example, heat furnace, air conditioner and mechanical equipment) for non-residential buildings over 10,000 square feet to ensure that all are working at their maximum capacity and according to their design efficiencies.

The California Air Resources Board estimates that the mandatory provisions will reduce greenhouse gas emissions (CO₂ equivalent) by 3 million metric tons equivalent in 2020.

Upon passing state building inspection, California's property owners will have the ability to label their facilities as CALGREEN compliant without using additional costly third-party certification programs.

Like California's existing building code provisions that regulate all construction projects throughout the state, the mandatory CALGREEN provisions will be inspected and verified by local and state building departments. CALGREEN will use the long-standing, successful enforcement infrastructure that the state has established to enforce its health, safety, fire, energy and structural building codes. Many of the mandatory provisions in the code are already part of the statewide

UNEMPLOYMENT FUND IN TROUBLE

As unemployment continues to rise, it comes as no surprise that California now faces the largest unemployment fund shortfall in the nation. The Legislative Analyst Office has forecast an \$18.4 billion deficit by the end of 2010. As of now, California has borrowed \$6 billion from the Federal Unemployment Insurance (UI) Trust Fund and will probably borrow more. Unfortunately, 25 other states have also borrowed money from this fund and 40 states are predicted to do so by the end of 2010.

These staggering numbers will continue to rise unless states raise their UI taxes or the Federal Government raises the UI federal tax. All states that are currently borrowing money from the feds must pay their loans back with interest. California's debt comes due in January 2011. It will include about \$1 billion in interest to be paid from the General Fund. In addition, employers may lose their federal tax credit – a potential increase to them of \$320 million in 2011.

As California's legislature continues to battle the State's massive budget deficit it must also address this mounting UI debt. It will be a challenge to raise taxes in this climate and a drastic UI tax increase on employers will be detrimental to businesses and likely result in even more Californians facing unemployment.

For a snapshot of other states go to this link: projects.propublica.org/unemployment/. Click on a state to find the latest information, plus historical data, and details on tax increases and benefit cuts.

building code, making verification of CALGREEN an easy transition for local building inspectors.

SALES TAX RULES FOR GRAPHIC DESIGN AND ARTWORK

Companies periodically call to say that some of their clients claim they have been wrongfully charged tax on graphic design or artwork. Here is a synopsis of the tax regulation in case you also are unsure when design or artwork are taxable.

Regulation 1540 (d)(1) provides that services performed to convey ideas, concepts, looks, or messages to a client may result in a transfer or revision of either electronic artwork, hard copies of electronic artwork, or copies of manually prepared artwork.

If charges for such services are separately stated as "design," "preliminary art," "concept development," or other designations that indicated that the charges are for such services and not finished art, they are non-taxable, unless

the contract of sales states that the graphic artist or designer has passed title or possession to the client of the design or artwork on electronic media or hardcopy.

Subsection (b)(1) further provides that when a designer or commercial artists makes a lump-sum charge that includes both non-taxable (preliminary design or artwork) and taxable services (final design or artwork), it will be presumed that 75% of the lump-sum charge is for nontaxable services.

Suppose the designer transfers artwork on a tangible storage medium. Total cost for the job is \$1,000. Tax would apply to \$250 (\$1,000 x 25%) unless title to the preliminary design also passed to the client. However, if the preliminary design exceeds 75% of the charge for non-taxable services, then the designer would have to itemized the actual preliminary design charges.

Of course, if the final artwork is transferred electronically, either by upload to an FTP site or over a T-1 line, then neither the preliminary artwork nor final artwork are taxable.