

# The Most Massive Annual Property Tax Increase in California History

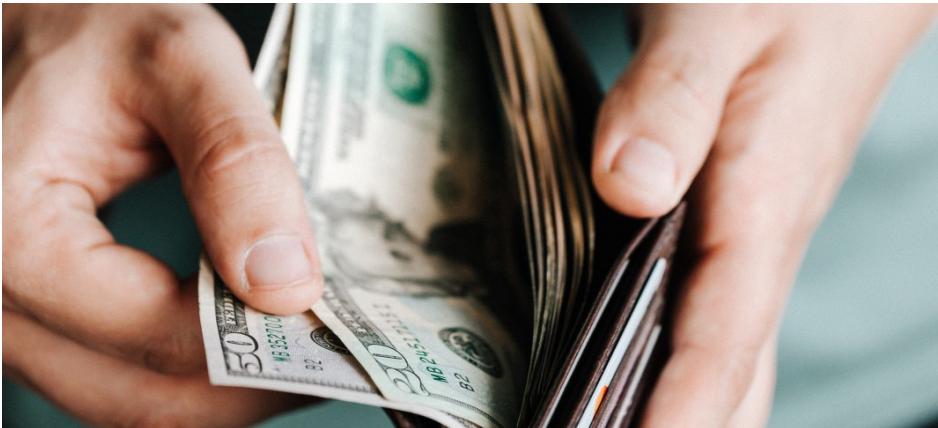
By Lou Caron

They say all politics are local. While the election on November 3rd includes an opportunity to cast your vote for the United States president, you must also pay close attention to the local Propositions. Critical among these is Prop 15. This Proposition is commonly referred to as the split-roll initiative. Its official title is the Increases Funding Sources for Public Schools, Community Colleges, and Local Government Services by Changing Tax Assessment of Commercial and Industrial Property.

In plain language, Proposition 15 is the most massive annual property tax increase in California history. It will increase property taxes on commercial property worth over \$3 million. The new property taxes will be based on the property’s current market value instead of the original purchase price. If passed, the Proposition will reverse the 1978 Prop 13 property tax protections for businesses.

### Understanding Prop 15

I first wrote about Prop 15 in May of 2019



and again in March of 2020. I have devoted a lot of time and energy to this topic because I know the devastating impact this will have on most of our association members. PIASC has many long-time business owners and multi-generational owners that will be directly impacted by this vote. We also have many small members who rent storefronts and other small commercial properties that will be affected indirectly.

In addition to the printing industry, there are businesses throughout the State that will feel the pain. Prop 15 is a tax increase on properties worth over \$3

million. As these taxes rise, the prices for these companies’ products and services will also rise.

If you haven’t already seen the television commercials, below you’ll find one pro-Prop 15 and one No on Prop 15 commercial. Watch and listen to each video carefully.

#### Yes on Prop 15

<http://bit.ly/yes-prop15-video>

#### No on Prop 15

<http://bit.ly/no-prop15-video>

In the pro-Prop 15 video, the proponents make it sound like only large corporations will pay the new tax. The truth is, if your

building is worth more than \$3 million, you will see a tax increase. What does \$3 million worth of commercial real estate look like in California?

- 3,453 sq. ft. Industrial Building in La Puente: \$2,987,500
- 8,050 sq. ft. Industrial Building in Burbank: \$3,300,000
- 9,634 sq. ft Industrial Building in Long Beach: \$3,000,000

As you can see, depending on location, even a small building will see a tax increase. That increase will include both an initial massive tax increase for the difference between the property’s original purchase price and the current year, then another assessment and tax increase every two years.

### Do Small Businesses Really Get a Break?

What about small businesses that rent? In the world of commercial real estate, business leases usually come with a triple net lease. That means the individual or company leasing the property, shop or office space is responsible for covering increases

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## HUMAN RESOURCES

# Are Some of Your Employees Working from Home?

Thanks to the ongoing impact of the COVID-19 pandemic, your company may currently be allowing some employees to work from home. If so, Susan Levi from HR | BIZZ, PIASC’s in-house HR team, recommends that you have a Remote Work Agreement in place with each affected employee, in order to lay out expectations. A Sample Work From Home Agreement form can be found in the members-only section of the PIASC.org website, under COVID-19 Updates and also in the Human Resources section under pre-employment/new hire.

In addition, important governmental guidance was recently issued about two remote work issues. Here’s what you need to know...

### How do you track and pay for hours worked by remote employees?

The U.S. Department of Labor (DOL) has issued a Field Assistance Bulletin (at <http://bit.ly/DOL-timetracking>) regarding “employers’ obligation to exercise reasonable diligence in tracking teleworking employees’ hours of work.”

At issue is how to determine hours worked outside of the employee’s regularly scheduled hours, that the employee did not report. This potential “gotcha” situation is important because an employer is legally required pay for all hours worked that the employer “suffered or permitted,” even if the work was not required or requested, and even if it was explicitly prohibited. However,



the law does not require you to pay for work that you did not know about and had no reason to know about.

The DOL’s recommended best practice for exercising “reasonable diligence” to learn about hours worked is to establish a “reasonable reporting procedure” for employees to report all hours worked, including unscheduled hours. The employer must then compensate employees for all of these reported hours of work. This puts the onus on the employee to follow this procedure.

### Do you have to let employees work from home indefinitely?

If some of your employees have been working from home due to the pandemic, what happens when the pandemic ends? While some of your team members will undoubtedly be excited to get back to the camaraderie of the office, others will

have discovered that they prefer working from home. Do you have to let them do so, especially if the request is made as a “reasonable accommodation” request under the Americans with Disabilities Act (ADA)?

Not necessarily. The Equal Employment Opportunity Commission (EEOC) has affirmed that once employees are recalled to the workplace, you do not have to automatically grant telework as a reasonable accommodation to every employee with a disability who requests to continue working from home. In effect, telework during the pandemic does not create a presumptive right to telework after the pandemic.

For more information, see D.15 and D.16 of the EEOC’s COVID-19/ADA document at <http://bit.ly/COVID-ADA-doc>.

## GOVERNMENT & LEGISLATIVE

# On Our Radar

### Recently added to the list of proposed regulations and other issues that we’re following:

- **Challenge to Proposition 65 warnings** – For over 30 years California’s Proposition 65 has required businesses to warn consumers about potential exposure to hundreds of chemicals linked to cancer or reproductive toxicity. This June a U.S. District Court barred enforcement of these warning requirements, ruling that this is a form of “compelled speech.” On September 9 the State filed an appeal to this decision.

## MEMBER NEWS

**Print & Finishing Solutions** announces the TechExpo in Orange, California, by appointment only, for November 12th – 14th. Visit [www.pfsgraphics.com](http://www.pfsgraphics.com) to register.

To share your Member News, please email your *one-sentence announcement* to Wendy Ferruz at [Wendy@piasc.org](mailto:Wendy@piasc.org).

## ★ Welcome New Members! ★

PIASC’s Board of Directors and staff welcome the following members, who joined between July 2020 and October 2020:

#### BLK Media Services

Graphic Design  
(310) 410-0808  
[www.blk.com](http://www.blk.com)

#### Chase Ave Production Inc.

Direct Mail Services  
(818) 970-3135

#### Coastal Press Inc.

Commercial Printing  
(714) 556-0303  
[www.coastalpressinc.net](http://www.coastalpressinc.net)

#### Color Management / Beale Ash Distributor

Distributor  
(408) 779-7858  
[www.colormanagement.com](http://www.colormanagement.com)

#### Davis Label Inc.

Label & Tags Manufacturer  
(818) 351-1010  
[www.davislabel.com](http://www.davislabel.com)

#### Epic Inkjets

Ink & Toner Supplier  
(310) 801-4286  
[www.epicinkjets.com](http://www.epicinkjets.com)

#### First Press Printing

Printing  
(818) 432-4614

#### Rollem International

Finishing Equipment Distributor  
(714) 935-9130  
[www.rollemusa.com](http://www.rollemusa.com)

#### Wye Print

Software Supplier  
(702) 745-6930  
[www.wye.world/print](http://www.wye.world/print)

#### Xeikon

Equipment Manufacturer  
(571) 839-1519  
[www.xeikon.com](http://www.xeikon.com)

Know a company that could benefit from our services and benefits the same way you do? Refer a friend and get money back towards your dues! Contact Kristy Villanueva at [kristy@piasc.org](mailto:kristy@piasc.org) or 323.728.9500, Ext. 215

## BUSINESS MANAGEMENT

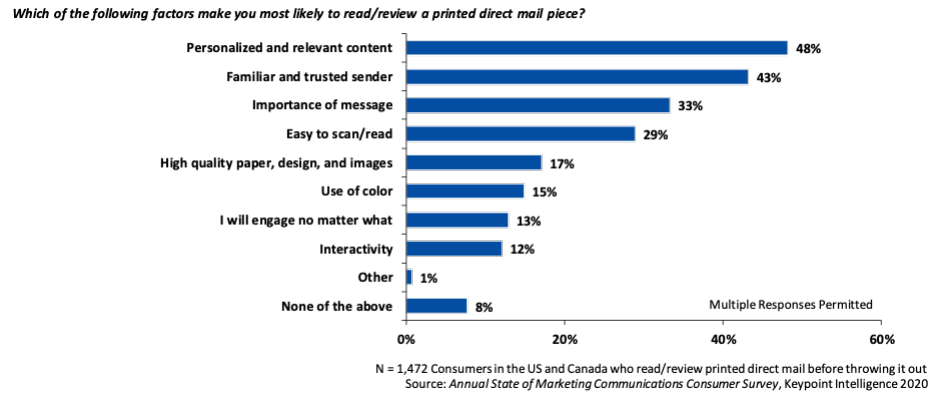
# What Makes a Consumer Engage with Direct Mail?

Any printer that offers direct mail services needs to understand what makes consumers engage with the mail they receive. Industry research tells us that consumers consider physical mail to be an important and trusted vehicle for communications. Consumers also say that when and how they receive promotions is a key factor in their purchasing decisions.

### Factors Driving Consumers to Read/Review Printed Direct Mail

According to Keypoint Intelligence’s most recent marketing communications survey, consumers are most likely to read/review printed direct mail that offers:

- Personalized and relevant content
- A familiar and trusted sender
- Importance of the message
- Ease of reading/scanning



### Not All Age Groups Have the Same Priorities

It is also interesting to explore the impact that age has on these factors. The top four factors were the same for all age groups, but the oldest respondents ranked them somewhat differently, with more of an emphasis on a familiar and trusted sender and importance of the message. Meanwhile, the youngest respondents were more receptive to interactivity than their older counterparts.

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FEATURE ARTICLE

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in a property’s insurance, maintenance and taxes. Thus these small businesses are contractually liable for the tax increase passed on to them by the leaseholder. Understand, three-fourths of California small businesses do not own their property. Most of these properties are worth more than \$3 million. Imagine what will happen to the rent each of these printing companies, restaurants, barbershops and dry cleaners if Proposition 15 passes. For instance, the Association has just been notified that if Prop 15 passes, our monthly rent will increase \$1,809 per month on 12,904 of rental square feet.

When the rent goes up on small businesses, they have no choice but to pass this on to the consumer or cut costs, which, more likely than not, will come from workforce reductions. “They don’t understand that many of our small businesses rent,” said Tracy Hernandez, CEO of the L.A. County Business Federation. “It’s a crazy tax increase at this time when we’re just trying to survive.”

Owners of large commercial properties like shopping centers will pass the tax increase on to smaller tenants via higher rents and fees. That’s why groups such as

the California NAACP and the California Black Chamber of Commerce have also come out against Prop 15. Alice Huffman, President, California State Conference of the NAACP, says, “Too many families have been priced out of their neighborhoods because of the rising cost of living.” She believes that Prop. 15 will both raise the cost of living for California families and “will especially hurt lower-income communities.”

**Do the Schools Need More Money?**

Californians are a generous people when it comes to education. In 1988, we passed Prop 98, which guaranteed 40% of the State’s operating budget would go to schools and community colleges. In the decade from 1998 to 2008, two-thirds of local school bond proposals in California were approved. Eighty-four percent of local school bond proposals were approved in California from 2008 through 2019. Yet schools don’t have enough money.

*Continue reading at <http://bit.ly/mas-sive-property-tax>*

BUSINESS MANAGEMENT

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**Personalization Really Does Make a Difference**

The point about personalized and relevant content deserves some more exploration. Over 50% of respondents to this survey reported spending much more time with direct mail that was personalized and relevant than they spent with generic communications. This trend holds up well across all age groups, but personalization was a bit more important to the oldest consumers.

A separate question in this survey revealed that the preference for personalized and relevant messaging holds true for consumers whether the message is received in print or as part of a digital marketing campaign. The key takeaway is that consumers will pay more attention to any type of promotional message that is personalized to them.

**Direct Mail Drives Action**

We can also learn from what consumers tell us about the follow-up actions they take after receiving a piece of printed direct mail. The top reactions include:

- Visiting the sender’s retail store
- Visiting the sender’s website
- Discussing the content with others
- Making a purchase

Older consumers tended to react more positively to printed direct mail than younger ones. For example, 48% of the oldest consumers reported visiting a retail store in response to a direct mail piece, compared to 27% of the youngest consumers.



**Printed Mail Offers Qualities that are Lacking in Digital Methods**

For many, print is more credible. It can be read at one’s leisure and also provides a tactile reminder that remains with the consumer until it is thrown away or recycled. Print is also engaging, particularly when it is personalized. In addition, it can drive a variety of actions. Today’s consumers want to receive information that is relevant to them. By delivering personalized and engaging direct mail, communication providers can deliver an integrated omni-channel experience. This is an experience that will speak to customers and prospects, ultimately generating improved results across all age demographics.

*Source: Provided by Canon Solutions America.*

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Upcoming Events

### The Printers Fair is Going Virtual!

As much as everyone loves the annual in-person Printers Fair, the Printing Museum must prioritize the health and safety of its visitors, vendors and volunteers. So for this year, the Los Angeles Printers Fair at the Printing Museum will be held virtually.

**The good news:** Instead of just being a two-day event, the **2020 VIRTUAL LOS ANGELES PRINTERS FAIR will take place for the entire month of November!**

Here’s what to expect:

- A dedicated website with an online marketplace
- Daily social media features and posts
- Special sales promotions, such as “Black Ink Friday” after Thanksgiving
- A downloadable show Guide
- Sales of various levels of Keepsake Packages
- At-home activities and tutorials, such as how to make paper or bind a book
- Video museum demonstrations and tours
- Weekly raffles
- On-site Surplus Type & Press Sales in the Printing Museum’s parking lot
- A drive-in printing-themed movie night in the Museum parking lot
- And much more!

The daily emails will start Saturday, November 1. To opt in, visit <http://bit.ly/printfair-2020>

### PRINTING United Digital Experience

**October 26 - November 12**

Kicking off this October 26 and running through November 12, registration is now open for the PRINTING United Digital Experience. Representing market segments throughout the industry, the Digital Experience will offer approximately **100 world-class educational sessions and more than 40 major product launches** for everyone across all job functions to access, at no cost.

Throughout the 14-day experience, you’ll have access to panel discussions about market trends, hear first-hand how companies have navigated the pandemic and their plans for the future, and learn how manufacturers and suppliers have successfully made the leap across market segments to expand their capabilities.

Be a part of THE global printing event of the year. Register now to save your seat! <http://bit.ly/printunited-register>

PIASC Events Calendar

<div>OCT</div> <div>NOV</div> <div>26-12</div>	<b>PRINTING United</b> October 26 - November 12, 2020 Online (Details Forthcoming) <a href="https://www.printingunited.com">https://www.printingunited.com</a>	<div>NOV</div> <div>1-30</div>	<b>Los Angeles Printers Fair</b> Online <a href="https://www.printmuseum.org">https://www.printmuseum.org</a>
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For full list of workshops and virtual classes, please visit [www.piasc.org/events](http://www.piasc.org/events)



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