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Headline Summary

- Revised Sales Tax Manual
- Union-Curbing Legislation Spreads
- Local Tax Proposal
- No-Match Letters Back
- SCAQMD Proposed Rule 1147
- Paid Sick Leave Bill Passes

Local Tax Proposal

A PIC oppose bill, SB 653 sponsored by Senate President pro Tempore, Darrell Steinberg, will grant local governments authority to impose taxes for local purposes. It expands the taxing power by allowing local governments to levy, increase, or extend local personal income, transaction, use and excise taxes; vehicle license fees; taxes on alcoholic beverages, cigarettes, tobacco products, or beverages with sugar; and even an oil severance tax.

Higher taxes could be enacted with a majority public vote rather than the current two-thirds vote required for special taxes, by using companion legislation to suggest a use of the new revenue, but still allowing the new or higher tax to be passed with a simple majority public vote.

WatchDog

Guarding the Business of Print

May 2011

Revised Sales Tax Manual

Printing Industries of California (our government affairs office) has just revised the *Guide to California Sales and Use Tax for the Graphic Arts Industry* (2011 Edition). This book length version presents the “ins and outs” of the application of sales tax to an array of printing-related topics.

The *Guide* is arranged in eight self-contained sections: executive summary, definitions, typical questions and answers, print-related regulations, collection of taxes, special printing aids (with sample invoices), overview of exempt publications, and special topics.

The publication will prove to be a valuable and necessary tool for your accounting and billing departments. It can be found on your association’s website under Government Relations (PIASC) and Gov’t. Affairs (PIASD)

If you have any questions about the *Guide* or have specific question about the application of California sales and use tax, please contact Gerry Bonetto at (323) 728-9500, Ext. 248.

Union-Curbing Legislation Spreads

Ohio has secured victory by restricting collective bargaining rights for public-sector employees in its struggle to address its growing fiscal imbalance. Governor John Kasich approved Se a bill that is in some ways more restrictive than the highly publicized Wisconsin bill that passed earlier this year.

The bill limits collective bargaining rights for public employees by prohibiting negotiations on health care, sick time, and pension benefits. Public employees would still be permitted to negotiate wages and certain work conditions but would be prohibited from participating in strikes.

The bill also requires public employees to contribute a higher percentage of their health and pension benefits, reduces the number of vacation days and paid holidays for workers, and eliminates automatic pay increases, instead adopting a system of merit raises and performance pay. Moreover, unlike Wisconsin’s measure, the Ohio legislation extends its restrictions to police officers and firefighters.

Ohio has the sixth largest number of union members in the country—almost twice as many as Wisconsin—and opponents of the bill aren’t accepting defeat just yet. Ohio Democrats hope to overturn the new law by placing it on the November ballot for referendum vote.

Ohio is one of six states—Idaho, Iowa, Ohio, Michigan, Florida—to entertain sweeping restrictions on public sector unions in what has become a growing national debate over proposals that are needed to rescue recession-battered budgets from deficits.

No-Match Letters Back

The Social Security Administration (SSA) resumed sending “no-match” letters to employers this month, three years after discontinuing the practice in response to litigation.

The agency posted a notice on its Program Operations Manual System website saying letters will go to employers for data received for tax year 2010. The SSA won't send letters it held for some earlier years because of litigation surrounding a Department of Homeland Security (DHS) regulation, “Safe Harbor Procedures for Employers Who Receive a No-Match Letter,” which was later rescinded.

The DHS maintained that no-match letters often signaled that an employer intentionally employed immigrants not authorized to work in the United States. The safe-harbor procedures required employers to take quick action to fix discrepancies or risk being found in violation of immigration laws.

Employers are required to report wages annually for each employee on Form W-2 (Wage and Tax Statement). During the annual wage reporting process, a wage report may fail validation because it doesn't have a social security number (SSN), or name, or the SSN or name submitted doesn't match SSA records.

The agency points out that a no-match can be the result of a typographical error, an unreported name change, inaccurate or incomplete employer records, or misuse of an SSN. In these cases, the SSA places the earnings information in the Earnings Suspense File and then attempts to resolve the issue, sending letters to employees, employers, and self-employed workers to inform them that a reported name or SSN doesn't match its records.

The purpose of the no-match letters, referred to by the SSA as decentralized correspondence notices, is to obtain corrected information to help the SSA identify the worker to whom the reported earnings belong so that their earnings can be posted correctly.

SCAQMD Proposed Rule 1147

The South Coast Air Quality Management District (SCAQMD) intends to amend Rule 1147 (NO_x Emissions from Miscellaneous Sources). The rule impacts printers, among many other industries, with gas-fired burners or ovens. Under Rule 1147, regulated equipment must meet an emission limit of 30 to 60 parts per million

This is the rule State Implementation Plan (SIP) approved, and the District is on the hook for the 3.5 tons per day of NO_x emissions by 2014 and 3.8 tons per day by 2023 from this one control measure.

Staff originally estimated approximately 6,600 units subject to the emission limits of Rule 1147 are located at approximately 3,000 facilities. That estimate included about 2,200 facilities that are expected to require retrofit of burners in their equipment.

Staff estimated as many as 2,500 permitted units with NO_x emission limits greater than one pound per day and an additional 2,500 permitted units with NO_x emission limits of less than one pound per day will require modification to comply with the emission limits.

By throwing all industries into one rule, and saying that retrofit technology is available for all these industries, staff ran into opposition from the business community. Nonetheless, it placed Rule 1147 on the April 15th agenda of the Stationary Source Committee, which has the option of approving or returning a rule to staff for revision or other reasons. If the committee approves a rule, it is placed on the Governing Board's calendar for adoption.

At the Stationary Source Committee, we—industry—presented our opposition to the rule as currently drafted. In the end, the committee directed staff to take the rule back, continue to dialog with representatives of industry, work out the inequities, and then return with a rule that does not hurt small business or impair job growth.

While we succeeded in delaying adoption of the rule, we still have more work to do so that the rule includes a technology assessment and cost analysis before a business is required to retrofit control devices for burners or ovens.

Paid Sick Leave Bill Passes

AB 400 (D-Ma, San Francisco) passes the Assembly Judiciary Committee and awaits action on the Assembly Appropriations Committee. The bill mandates that all employers, except those with collective bargaining agreements, provide any employee who has worked in California for seven days with paid sick leave, at the accrual rate of one hour for every 30 hours worked.

After the 90th day of employment, employees would be allowed to utilize their paid sick leave to care for themselves or a family member.

AB 400 further allows any unused sick leave accrued in the preceding year to be carried over to the next year, which is a significant change in existing law. Under this bill, employers also would be required to post information regarding employees' right to paid sick leave, thereby adding to the numerous and burdensome posting requirements in California.

The costs for these mandates alone will overwhelm businesses in California that already are struggling to survive in this economy.