



Member Associations of

PRINTING INDUSTRIES OF CALIFORNIA

Printing Industries
Association of

Southern California

Phone: (323) 728-9500

Web: www.piasc.org

Printing Industries
Association of

San Diego

Phone: (858) 800-6900

Web: www.piasd.org

(formerly Printing Industries
of Northern California)

Visual Media Alliance

Phone: (415) 495-8242

Web: www.visualmediaalliance.org

Headline Summary

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Proposed Prop 13 Initiative

Proposition 13, the 1978 tax cutting initiative, faces revamping if left up to two Senate Democrats (Holly Mitchell, D-Los Angeles and Loni Handcock, D-Berkeley). The plan would call for commercial and business properties to be regularly reassessed for tax purposes. The proposal, however, allows an exemption for properties worth less than \$500,000.

To reach the ballot, and be voted on as a constitutional amendment, the proposal requires a two-thirds vote of each house of the state legislature. Passage would require some Republican votes since the Democrats, even if they vote as a block, are several votes short of the two-thirds requirement.

WatchDog

Guarding the Business of Print

September 2015

Last Warning: Storm Water Permits

Many manufacturers have to file for this permit with the state Water Resources Board since they fall in the SIC codes for inclusion in the program—that means any print-related company that falls within SIC code 27.

There are two types of permits: Industrial General Permit and No Exposure Certification (NEC). The easiest way to determine which permit your facility will need is to answer the 11 questions regarding activities that are or will be exposed to precipitation (rain). The checklist can be found on the Graphic Arts Resource Center at <http://bit.ly/Storm-Water>.

You'll first register via the Storm Water Multiple Application and Report Tracking System (SMARTS). Once you register you'll receive an email with a System Generated Password. At that time, you will apply for the Industrial General Permit or No Exposure Certification—again at SMARTS. The deadline for the Industrial General Permit was July 1, 2015, and for the No Exposure Certification, October 1, 2015.

For more information, please contact Gerry Bonetto at (323) 728-9500, Ext 248.

Exemption for Manufacturing Equipment

A few weeks ago we mailed a letter to members asking for voluntary donations to PrintPAC of California to help support our government affairs efforts. Much to our surprise, we received one inquiry about the use of the donation and more than half-dozen inquires about the partial sales tax exemption for the purchase or lease of manufacturing equipment.

Here, again, are the particulars about the exemption. It pertains to equipment purchased on or after July 1, 2014. Moreover, to be eligible under this law, you must meet three conditions:

- Be engaged in certain types of business, also known as a "qualified person,"
- Purchase "qualified property," and
- Primarily use that qualified property in qualifying manufacturing.

The partial exemption reduces the tax rate to 3.3125 percent (from 7.50 percent) plus applicable district taxes. This exemption applies to the state general fund portion of the sales and use tax rate, but does not apply to any local, city, county, or district taxes.

The purchaser must provide a timely exemption certificate to the seller. You will claim the deduction for sales subject to the manufacturing exemption on your sales and use tax return.

If you purchased equipment after July 1, 2014, effective date, you can apply for a refund on the overpayment. You can find a copy of the exemption certification at <http://www.pic-gov.org/salestax/SalesTaxExemption.html>.

Sales Commissions

In the past month we have received two calls regarding disputes with sales people over commissions. Interestingly, none of the callers had a signed contract with the sales person, which put them in a precarious position regarding the dispute of the commission.

If you employ sales representatives, having a written policy governing their compensation is an essential tool, enabling you (and them) to avoid unproductive and potentially destructive disputes over compensation.

AB 1396, also known as California Labor Code § 2751, requires that employers of persons paid by commission shall give each such person a signed contract setting out the terms of their compensation and obtain a signed receipt from them for the contract. Though it does not cover every potential option, the link below leads to a document that outlines areas for compliance with this law and enables effective sales management.

The sample policy covers the major points of compensation for a commission-based sales representative with some alternatives indicated in italics. The commentary section enlarges on the basic considerations underlying the elements of the sample policy.

Since the employer generally drafts the compensation plan, and therefore any ambiguities will be construed against the employer, it is particularly important that the employer draft the plan carefully and with attention to detail. Commission plans often do not comply with state law governing when commissions must be paid during employment and after a sales representative is discharged or quits. Commission plans also often do not comply with state law prohibitions against deductions and "forfeiture" clauses.

Go to <http://www.pic-gov.org/hr/NewEmployee.aspx>; Click on Sample Compensation Agreement for Commissioned Salesperson.

Real Unemployment Rate

The unemployment rate may be higher than you think. The Bureau of Labor Statistics publishes monthly figures on "labor underutilization."

While the official concept of unemployment (as measured in the Current Population Survey by what is termed U-3 in the U-1 to U-6 range of alternatives) includes all jobless persons who are available for work in the last four weeks. The U-3 numbers reported unemployment at 5.7 percent (California is 6.8 percent and Los Angeles County is 7.7 percent). The U-3 numbers, however, are somewhat deceiving.

If we look at the unemployment rate of the Bureau's U-6 report, which accounts for total unemployment including those "marginally attached to the labor force" plus those "employed part-time for economic reasons"—i.e., those "who are available for full-time work but have to settle for a part-time job," the unemployment rate doubles to 11.3 percent (California, again, is first among state at 14 percent and Los Angeles County comes in at 16 percent).

Source: <http://www.bls.gov/lau/stalt.htm>

Top Cal/OSHA Violations

The following lists the top ten violations from October 2013 through September 2014, which relies on the latest data available. Penalties reflect current amounts rather than those in initial citations.

| Standard | Amount | Number of Citations |
|--|-------------|---------------------|
| Injury & Illness Prevention Program | \$1,314,437 | 1,798 |
| Heat Illness Prevention | \$ 987,288 | 1,650 |
| Control of Hazardous Energy | \$2,128,820 | 572 |
| Failure to Report Work Fatalities & Serious Injuries | \$1,962,050 | 466 |
| Respiratory Protective Equipment | \$ 103,290 | 387 |
| Hazard Communication | \$ 87,011 | 375 |
| Portable Fire Extinguishers | \$ 58,240 | 313 |
| Portable Ladders | \$ 430,908 | 283 |
| Permit to Operate Air Tanks | \$ 61,305 | 279 |
| Workspace Around Electrical Equipment | \$ 47,210 | 236 |

Multiple Jobs Increases Injury Risk

In a recent study published in the *American Journal of Public Health*, researchers found that individuals who work multiple jobs, which equates to about 14 million workers—have a greater likelihood of injury than those hold a single job.

Multiple jobholders have a 27 percent higher rate of work-related injuries and a 34 percent higher rate of non-work-related injuries compared to a single jobholder.

Researchers found that factors contributing to higher risk could likely include a disruptive work schedule, job inexperience, physical and mental stress from alternating between different jobs, and fatigue.

Source: *American Journal of Public Health*, 104(1), 134-142.