Make A Difference

You may have already received or will soon receive a letter asking for your support of our industry’s governmental affairs efforts, through a voluntary donation to PrintPAC of California, your political action committee.

Over the past year, we have had significant victories, with modest investment, that have contributed to your bottom line: revised personal property depreciation schedules for lithographic presses, checking Do Not Mail provisions in numerous cities throughout the state, and protecting the industry at local air quality management districts.

With contributions to PrintPAC from printers throughout the state, we raised a little less than $20,000 this legislative session to support candidates who understand the interests of the printing industry. This amount clearly pales when compared to many small industries.

Your contribution today is an investment in your future.

Sales Tax Audit Help

Sales and use taxes have become a major piece of California’s revenue stream. In recent years, however, the state of California has been aggressively pursuing income from sales and use tax audits and enforcement programs.

The state’s audit program has become more openly focused on raising money. Thus, a deeper knowledge of the subject has become increasingly important.

If you are looking for an answer to a specific question or an expert in a sales tax audit defense, that’s where we come in.

Our goal is always to answer your questions before a visit by a Board of Equalization auditor. We’re just a telephone call or email away. However, in those cases that require an audit finding to be appealed, we can guide you, with our specialized, in-depth experience, through the California Board of Equalization’s administrative appeals process.

Take advantage of this member service. Call or email Gerry Bonetto at 323-728-9500 or gerry@piasc.org.

China Paper Subsidies

China overtook the U.S. as the world’s largest producer of paper and paper products in 2008, and has increased its production of paper three-fold since 2000, according to a study by the Economic Policy Institute.

The study, No Paper Tiger: Subsidies to China’s Paper Industry from 2002-2009, shows that the rapid rise in China’s paper industry did not result from advantages in natural resources, economies of scale or scope, new technology, or lower cost of production (including labor). Instead, the growth resulted from at least $33.1 billion in various Chinese government subsidies paid to the country’s paper industry between 2002 and 2009.

The study can be found at http://epi.3cdn.net/c443db127fe143c9b9_obm6iidwt.pdf.
November Ballot

California Secretary of State Debra Bowen recently released proposition numbers for the 10 measures that will appear on the November 2 General Election ballot. So far, PIC has taken positions on two of the initiatives.

Proposition 23
This initiative suspends State laws requiring reduced greenhouse gas emissions that cause global warming, until California’s unemployment rate drops to 5.5 percent or less for four consecutive quarters.

The measure requires the State to abandon implementation of comprehensive greenhouse-gas-reduction program that includes increased renewable energy and cleaner fuel requirements, and mandatory emission reporting and fee requirements for major polluters such as power plants and oil refineries, until suspension is lifted.

Potential positive, short-term impacts on state and local government revenues from the suspension of regulatory activity, with uncertain longer-run impacts.

Potential foregone state revenues from the auctioning of emission allowances by state government, by suspending the future implementation of cap-and-trade regulations.

Proposition 24
The measure is called the Repeal Corporate Tax Loopholes Act and it’s the product of a massive petition drive by the California Teachers Association, which it wants to steer the funds to education.

At a time when two million Californians are out of work, the initiative taxes new job creation, hits California employers and small businesses with higher taxes and stifles job growth in our most promising industries.

For example, Proposition 24 repeals the current tax codes that allows corporations to transfer tax credit among their related corporation, business to carry back net operating losses for two years, and corporations to chose which of two formulas to determine the share of profits that is taxed in California.

Postal Rate Increase

The U.S. Postal Service Governors recommended increasing the price of a First-Class mail from 44 cents to 46 cents and a postcard from 28 cents to 30 cents.

The Postal Regulatory Commission must approve the recommended price changes. The increases would not go into effect until January 2, 2011. It would be the first stamp price increase in almost two years.

The proposed price changes, if approved, will raise about $2.3 billion for the first nine months of 2011. Postmaster General John E. Potter said he does not want customers to bear the burden of dramatic price increases. Instead, Potter announced in March that pricing would be one in a series of solutions the Postal Service is pursuing to become financially sound.

Other actions outlined in March included changes to delivery frequency, restructuring prepayments of retiree health benefits, creating a more flexible workforce and expanding access to products and services to places more convenient to customers.

The Postal Service receives no tax dollars for operating expenses, and relies on the sale of postage, products and services to fund its operations.

Disposal of Ink Containers

California lists over 400 chemicals that are considered hazardous waste. Several of these chemicals are often found in products used in the printing industry. Below are guidelines on handling empty ink containers.

Containers. Ink should be scarped out of the container as much as “feasible,” including any residue, even dry and hard-looking “drippings,” along the rim and sides of the container. This meets the state’s definition of an “empty” container. Although not required, the container can be rinsed at this point using a “steam-type” solvent cleaning system. At either stage, the container can be crushed or shredded and disposed in the solid waste disposal stream.

Shipping and Handling Charges

Separately stated charges for shipping taxable printed material are generally not taxable if they meet both of the following conditions:

1. The charges are for shipping the printed material directly to the purchaser using the U.S. mail, an independent contractor, or other common carrier, and
2. The amount charged is the actual cost of the transportation.

Any amount in excess of the cost of transportation should be included in your taxable sales—that is, any mark-up applied to the actual cost of the transportation is taxable.

If you separately itemize a “shipping and handling” charge on the invoice, the portion that represents your actual shipping cost may be excluded from the taxable amount.

Charges that are identified as “handling” or “handling charges” are not “shipping” charges, according to the State Board of Equalization, and tax applies to the entire amount of the handling charge.

Moreover, tax applies to delivery charges if you use your own vehicle, whether or not those charges are separately itemized on the invoice. However, tax does not apply to delivery charges using your own vehicle if there is a written contract of sale, signed before delivery, that transfer of ownership to your client of the printed material takes place prior to delivery.

Separately state charges for shipping and handling nontaxable printed material is nontaxable.