Bill Repeals Tax Deduction

AB 2408 (Skinner; D-Berkeley) repeals the Net Operating Loss (NOL) carryback deduction. The bill is similar to AB 1936 (De Leon, D-Los Angeles), which was held on the Assembly Appropriations Committee Suspense file in 2010 due to its fiscal impact.

The NOL deduction resolves an inequity in the net income tax structure. California businesses of all sizes and structures report and pay tax on their net income based on an arbitrary 12-month reporting period. A NOL occurs when a taxpayer’s business expenses exceed revenue during that arbitrary 12-month reporting period.

The NOL deduction allows a business taxpayer to offset current losses against future taxable income (carryover) or prior liabilities (carryback). Without a state NOL deduction, the income tax report fails to adequately match investment expense with revenue earned on that investment, essentially penalizing capital investment. The NOL therefore serves to ensure that taxable income more closely resembles the actual net income of the business enterprise.

California suspended the NOL deduction for the 2010 and 2011 tax years. In comparison, the federal government has extended its carryback provision from two to five years.

AB 2408 not only reverses the 2008 compromise just as the taxpayers’ benefit from that agreement begins to materialize; it also reinforces with employers that California’s taxing environment is unpredictable.

Employer-Mandated Pension Plan

Despite lingering questions regarding program feasibility, employer liability and the State’s financial responsibility, SB 1234 (Senator Kevin De Leon, D-Los Angeles) continues to move through the Legislature.

SB 1234 creates a state mandated retirement savings plan for private employees and guarantee a set rate of return on investment. It requires employers with five or more employees, who do not offer their own retirement savings program, to enroll their workers into this state-run program or be subject to a $250 penalty per employee. While businesses who currently offer a retirement plan, such as a 401(k) plan, would be exempt from this bill, a business that for any reason discontinues such a benefit would become subject to its provisions.

The bill is in the Assembly, where it passed out of its first policy committee, Labor, and now goes to the Committee on Public Employees, Retirement and Social Security.

PIC opposes SB 1234 for, among other reasons, that requiring a set rate of return on investment.
We Need Your Support

You may have already received a letter from your association encouraging you to support our governmental affairs effort with a voluntary contribution to PrintPAC of California—our statewide political action committee. We're positive our past successes have contributed directly to your bottom line—such as lower workers’ compensation premium rates.

At some time or another, your company will come face to face with legislation or regulation that will harm your business. It’s our job to see that it doesn’t. To do this, however, requires us to cultivate contact among elected officials. The most effective way to do this is through campaign contributions. These contributions ensure that we get to know and open access to key legislators—access that allows us to state our case on any particular issue.

It will take a commitment of every association member to help meet the legislative and regulatory challenges that will confront the printing industry in the future.

Please join with your fellow association members to help protect California’s strong and vibrant printing industry by making a voluntary contribution to PrintPAC of California.

Facts About Print and Paper

As you may know, the Choose Print campaign helped mobilize opposition to Toshiba’s No-Print Day. Toshiba quickly got the message and abandoned the program. But our efforts can’t stop with this victory. We must continue to educate the public on the effectiveness and environmental credentials of print on paper. On the heels of the Toshiba event, the article below, was sent over PR Newswire, and picked up by nearly 100 news outlets.

Print, Paper and the Environment
Print on paper isn’t depleting our forests, overwhelming our landfills, or causing global warming. In fact, just the opposite is true—and companies calling for less print or a no-print day, such as Toshiba’s recently abandoned campaign, don’t take into account that paper, and print on paper, is a renewable and recyclable resource.

Here are the facts:

Trees and Paper

- **Replenished**: Wood, which comes from trees, is the primary material used to make paper. Trees are continually replenished—like wheat and corn, unlike plastic—to ensure that our forests are sustainable.

- **Primarily Made in the USA**: About 90% of paper and paperboard consumed in the United States is produced in the United States.

- **High Supplier**: 91% of the wood harvested in the United States comes from privately owned forests. State and tribal 6% and federal supply 2%.
  - American Forest and Paper Association

- **More Forests Today**: Forest growth in the United States exceeds harvest by 37%. There is now 28% more standing timber volume in the U.S. than in 1952.
  - Alaska Forest Facts

- **A Small User of Forest Resources**: Just 11% of the world’s forests are used for paper (53% for fuel; 28% for lumber; and 8% for other uses).
  - International Paper, Down to Earth, Is It Worth Printing?

- **Largely Made from “Waste”**: Overall, 33% of papermaking material comes from recycled paper; 33 percent comes from wood chips and scrap from sawmills; and 33% comes from virgin trees.
  - U.S. EPA, Office of Solid Waste

Recycling/Landfills

- **Recycling**: 65.8% of the paper consumed in the U.S. was recovered for recycling in 2010—by volume, more than glass, plastic and aluminum combined—and up from 33.5% in 1990 and 46% in 2000.
  - Paper Recycles

- **Landfill**: 18.2% of discards into the landfill are paper and paperboard, of which 41% is paperboard containers and packaging and 59% is all other paper—including such items as tissues, paper plates, and paper in games and novelties. Plastics, by comparison, comprise 17.3% of discards.

Often people—and companies like Toshiba—think that by foregoing print and paper, they are saving trees and making a sound environmental choice. In reality, the opposite is true.

As Dr. Patrick Moore, Co-Founder, Greenpeace/Chair & Chief Scientist, Greenspirit Strategies Inc. said: “To address climate change, we must use more wood, not less. Using wood sends a signal to the marketplace to grow more trees and to produce more wood. That means we can then use less concrete, steel and plastic—heavy carbon emitters through their production. Trees are the only abundant, biodegradable and renewable global resource.”

Greenspirit