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### Headline Summary

- Labeling Deadline Nears
- Equipment Tax Exemption
- EPA Reduces Ozone Standard
- Affordable Housing
- Payroll Tax Deduction
- Business Waste Reduction
- Long Beach Considers Minimum Wage Hike

### Equipment Tax Exemption

The Board of Equalization is considering amendments to the partial sales and use tax exemption on manufacturing equipment that was enacted in 2013. The amendments are intended to address an issue that may result in different treatment of qualified purchases depending on how the taxpayer reports the expenditures.

The changes would allow taxpayers to substantiate qualification under the "useful life" criteria by reference to a warranty, a maintenance agreement, or industry replacement standard of one or more years. PIC supports this effort to remove unintended barriers that will improve the tax exemption's investments in California.

# WatchDog

Guarding the Business of Print

November 2015

## Labeling Deadline Nears

When California adopted the federal Globally Harmonized System of Classification and Labeling of Chemical (GHS) in 2012, a series of trigger dates for implementation were set.

The goal of GHS is to reduce and make consistent the compliance requirements for manufacturers, distributors, and end users of chemicals by developing an uniform standards for hazardous chemical classification.

The first deadline was December 2013, at which time all manufacturers and users had to train their employees on the new labeling and safety data sheet formats. You should have done your employee training by this date.

The second deadline was June 1, 2015 when employers had to be in compliance with all modified provisions of this final rule. This deadline was extended for manufacturers and users who could document that they were having a hard time getting the necessary information from their suppliers. You should, however, have reviewed that your labels and safety data sheets have been updated.

The third deadline is December 1, 2015. By this date, all containers should have GHS-compliant labels. If you're a manufacturer and still have stock with non-GHS labels, those labels need to be updated. If you're the user, and you receive a container with a non-compliant label, you should request a new compliant label. Moreover, check to make sure your inventory of chemicals have labels that are up to date.

## EPA Reduces Ozone Standard

In late 2014, the U.S. Environmental Protection Agency (EPA) proposed dropping the National Ambient Air Quality Standard's allowable 8-hour ozone level from 75 parts per billion (ppb) to 65-70 ppb and announced that it would be taking comments on potentially reducing it even further to 60 ppb.

The business community opposed making these reductions, claiming that the current ozone standard of 75 ppb is the most stringent ever and has not been realized in a number of regions throughout the country.

EPA recently announced that it was reducing the standard to 70 ppb. The EPA expects most of the country would meet the new standards by 2025.

California would be given more time because its air quality challenges are so severe. This action places an additional 13 California counties in non-attainment: Plumas, Tehama, Sutter, Tuolumne, Yuba, Calaveras, San Benito, San Francisco, San Mateo, Santa Clara, Alameda, Contra Costa and Marin. The state's smoggiest areas—Southern California and the San Joaquin Valley—would have until 2037 to comply.

## Affordable Housing

The percentage of home buyers who can afford to purchase a median-priced home in California is declining. The increase in housing demand has led to escalating home prices, shutting out a large percentage of the potential home buyers.

The latest California Association of REALTORS® housing affordability report indicates every region in the state, except Kings County, posted lower affordability in the second quarter compared to the previous quarter.

According to C.A.R.'s Traditional Housing Affordability Index, 30 percent of California households could afford to purchase the \$485,100 median-priced home in the second quarter of this year, down from 34 percent in first-quarter 2015 and unchanged from 30 percent in second-quarter 2014.

A minimum annual income of \$95,980 was needed to make monthly payments of \$2,400, including principal, interest, and taxes on a 30-year fixed-rate mortgage, assuming a 20 percent down payment, at 3.95 percent interest rate.

-California Business Roundtable eNews  
October 23, 2015

## Payroll Tax Deduction

For 2016, the Social Security Administration announced that the Social Security taxable wage base will remain the same—\$118,500 maximum taxable earnings.

The Social Security withholding rate is unchanged for 2016 and remains at 6.2 percent, up to the maximum taxable amount. The FICA tax rate—which is the combined total of the Social Security tax rate and the 1.45 percent Medicare tax rate—also remains unchanged at 7.65 percent.

Individuals with earned income of more than \$200,000 (\$250,000 for married couples filing jointly) pay an additional 0.9 percent in Medicare taxes.

There is no limit on the amount of wages subject to the Medicare tax.

## Business Waste Reduction

A state law requiring businesses that generate a certain amount of organic waste per week to recycle the waste takes effect next spring. The law, AB 1826 (Chesbro, D-North Coast), phases in new organic recycling requirements over several years till the state meets its goal of recycling 75% of its waste by 2020.

By January 1, 2016, according to the California Department of Resources Recycling and Recovery (CalRecycle), local jurisdictions across the state must have organic recycling options in place for businesses, including multifamily residential dwellings that consist of five or more units.

### Who Must Comply

Businesses and multifamily complexes must start recycling organic waste by the following dates:

- Generators of 8 or more cubic yards of organic waste per week: April 1, 2016.
- Generators of 4 or more cubic yards of organic waste per week: January 1, 2017.
- Generators of 4 or more cubic yards of solid waste per week: January 1, 2019.
- Generators of 2 or more cubic yards of solid waste per week, if statewide disposal of organic waste is not decreased by half: January 1, 2020.

### Types of Waste

Businesses must arrange for recycling services for the following types of organic waste:

- food waste;
- green waste;
- landscape and pruning waste;
- nonhazardous wood waste; and
- food-soiled paper.

### How to Comply

Businesses can comply with the new requirements by taking one or any combination of the following actions, according to CalRecycle, provided that the action is in compliance with local ordinances and requirements:

- Source-separate organic waste from other waste and subscribe to an organic waste recycling service that specifically includes collection and recycling of organic waste.
- Recycle organic waste onsite, or self-haul for organics recycling.
- Subscribe to an organic waste recycling service.
- Sell or donate the generated organic waste.

For more information on mandatory commercial organics recycling, visit CalRecycle's Web page, [www.calrecycle.ca.gov/recycle/commercial/organics/](http://www.calrecycle.ca.gov/recycle/commercial/organics/).

## Long Beach Considers Minimum Wage Hike

With a unanimous 9-0 vote, Long Beach's elected leaders voted to explore raising the minimum wage to \$15 an hour.

Most workers who would benefit from the higher minimum wage are employed in consumer-oriented businesses such as retail, restaurants, hotels, and personal services that are concentrated in higher income neighborhoods where customers are better able to absorb the small cost increases that result from raising the wage floor.

As the second largest city in Los Angeles County action by Long Beach to raise the minimum wage to \$15 will be important in the movement to raise the minimum rate throughout the state—and put pressure on the rest of the country to also do so.

