

GOVERNMENT AFFAIRS

WATCHDOG

HOW GREEN IS YOUR PRINTING?

Many printers are interested in positioning themselves as a "green printer." The problem is there are no specific guidelines for what qualifies a printer as green.

Over the years, a number of local governments (e.g., Alameda, Contra Costa) have developed green buying programs. To qualify a printer generally has to print on recycled content paper, use some percentage of soy ink, and commit to pollution prevention. The latter criteria, however, is nebulous. It generally refers to collecting waste paper and handling waste chemicals properly.

While many printers are pursuing FSC Certification, this designation doesn't in itself position a printer as "green." To be truly green, a printer must address the overall environmental impact of its operation. This involves the product, process, and the so-called envelope that surrounds the first two elements.

The product involves the input materials that are used, such as the substrate, ink, coating, adhesive, etc. The process is the actual manufacturing process and involves prepress, press, and post-press materials and technology. The envelope is the building, grounds, energy consumption, and any other supporting activities.

Based on the work of a national PIA task-force, PIC will be producing a checklist as a guide to a "green" printer.

SEXUAL HARASSMENT TRAINING

PIC reminds its members to comply with the Fair Employment and Housing Commission sexual harassment training regulations recently approved by the state Office of Administrative Law.

AB 1825, signed in 2004, requires California employers with 50 or more employees to provide newly hired or promoted supervisors with two hours of classroom or other interactive sexual harassment training within six months of assuming a supervisor position. All employees who have "supervisory authority" which includes anyone who has independent authority to:

- Hire, transfer, suspend, lay off, recall, promote, discharge, assign, reward or discipline other employees;
- Direct the work of other employees; and/or
- Resolve employee conflicts.

Employees include full-time, part-time and temporary workers or contractors for each working day in any 20 consecutive weeks in the current calendar year or preceding calendar year.

While the mandate applies to employers with 50 or more employees, PIC has continually encouraged employers of all sizes to train their employees to help prevent sexual harassment.

Employers must maintain documentation of a supervisor's training completion for a minimum of two years. The documentation must include the name of the supervisory employee trained, the date of the training and the name of the training provider.

The training must take the supervisor no less than two hours to complete. The training need not be for two consecutive hours; the minimum duration of a training segment is no less than one-half hour for classroom training or webinars. E-learning courses may include features allowing the supervisor to pause the training so long as the e-learning program cannot be completed in less than two hours.

California law also requires that the training be "interactive." This means that video training alone is likely insufficient without discussion, role-playing, a question-and-answer session, or other similar techniques led by a qualified trainer.

Businesses that do not complete the training are subject to a corrective order from the Department of Fair Employment and Housing as well as increased exposure to harassment claims.

For more information on workshops or on-site training, call Doug Moore at 323-728-9500, Ext. 218.



Affiliated Associations:

Printing Industries of California

Printing Industries of Northern California www.pinc.org

Printing Industries Assn. of Southern California www.piasc.org

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HELP US HELP YOU

You may have already received a letter from your association encouraging you to support our governmental affairs effort with a voluntary to PrintPAC of California.

We're sure that 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.

DROP SHIPMENTS FOR OUT-OF-STATE SELLERS

It's not uncommon for out-of-state printers or brokers to ask California suppliers to ship products to the California customers of out-of-state printers or brokers. This article discusses how sales tax applies to these types of "drop shipment" transactions.

The scenario below gives a visual example of how a typical drop shipment works. In general, drop shipment transactions involve one consumer, two sales, and two businesses:

- The consumer in California who buys and receives the product.
- The "true retailer," a business located outside the state and not registered to collect California tax, which sells the product to the California consumer.
- The "drop shipper" who sells the product to the true retailer, but ships the product directly to the California consumer on behalf of the retailer.

VIDEO GAMES AND E-COMMERCE

A recent release by comScore on U.S. e-commerce spending for the second quarter of 2007 showed that total e-commerce spending was \$47.5 billion during the second quarter (Q2) 2007.

E-Commerce Spending	Q2 2006	Q2 2007	Percent Change
Total	\$40.0	\$47.5	19%
Non-Travel (Retail)	\$22.2	\$27.2	23%
Travel	\$17.8	\$20.3	14%

Source: comScore, Inc

The top-gaining e-commerce category in Q2 versus a year ago was video games, consoles & accessories, which jumped 159 percent on the strength of Nintendo Wii and PlayStation 3 sales. Sport & fitness also saw substantial gains (up 58 percent), followed by consumer electronics (up 51 percent) and event tickets (up 44 percent).

Category Q2 2007 vs. Q2 2006	Percent Change
Video Games, Consoles & Accessories	159%
Sport & Fitness	58%
Consumer Electronics (ex. Peripherals)	51%
Event Tickets	44%
Jewelry & Watches	32%
Furniture, Appliances & Equipment	25%
Music, Movies & Videos	24%
Computer Software (excl. PC Games)	23%
Books & Magazines	22%
Apparel & Accessories	20%

Source: comScore, Inc.

Total U.S. online consumer spending reached \$170.8 billion in 2006, with non-travel spending accounting for \$102.1 billion and travel spending accounting for \$68.8.

When you drop ship products directly to California consumers on behalf of the true retailer, you are liable for sales tax on the transaction.

For example, if a California business orders the printing of a brochure from XYZ Printing, a company in Texas, and pays the company for the order. XYZ Printing is not registered to collect and pay California use tax. XYZ Printing, however, buys the brochures from Fast Print, a company located in Orange County, which ships the brochures directly to the California business. Fast Print owes sales tax on the transaction. There are two options for calculating the taxable amount of the sale, as explained in the next column.

As a drop shipper, Fast Print generally owes tax on the retail selling price the consumer paid the true retailer. However, if Fast Print doesn't know that amount, it may calculate the tax based on its selling price to the true retailer plus a markup of 10 percent.

Using the example above, if Fast Print, the drop shipper, knows that the consumer paid the retail price of \$3,000 for the brochures, tax would be due on a \$3,000 sale. If Fast Print charged the customer \$200 and doesn't know how much the consumer paid to XYZ Printing, Fast Print could report and pay tax on a \$220 sale (\$200 + 10% markup of \$20 = \$220).