

GOVERNMENT AFFAIRS WATCHDOG

BALLOT INITIATIVES

California Secretary of State Debra Bowen released proposition numbers for the seven measures that will appear on the May 19 statewide special election ballot.

The next regular state election was scheduled for June 8, 2010. However the Legislature and Governor last week called a special election and approved six measures for that ballot. A seventh legislative measure, which had qualified in 2008 for the next statewide ballot, will also be included.

The seven propositions for the May 19 ballot are listed below.

Proposition 1A: Creates a "rainy day" fund and puts new limits on state spending.

Proposition 1B: Alters repayment schedule for schools and community colleges owed Proposition 98 funds by the state, to protect their funding after state revenues rebound.

Proposition 1C: Allows the state to borrow money for the General Fund based on future profits from the state lottery.

Proposition 1D: Temporarily shifts cigarette taxes away from California Children and Families Program and into the General Fund. The measure also eliminates the state's First Five Children and Families Commission and uses money for the General Fund.

Proposition 1E: Amends the added tax on higher incomes for mental health services from 2004's Proposition 63 to change which mental health programs the money funds.

Proposition 1F: Forbids the California Citizens Compensation Commission to increase legislators' and state officers' salaries when the state is running a deficit.

Proposition 13: Bars property tax increases on construction for seismic retrofits.

STIMULUS PACKAGE AND COBRA

Among the provisions of the new stimulus package signed by President Obama are subsidies for unemployed workers continuing their health care benefits through the Consolidated Omnibus Budget Reconciliation Act (COBRA). The key points of the package are:

- 1. Who is eligible?** Employees who have been involuntarily terminated between September 1, 2008 and December 31, 2009 with annual incomes less than \$125,000 (single) or \$250,000 (couples) are eligible for the COBRA premium assistance. Qualified individuals, who initially decline COBRA coverage, would be given an additional 60 days after they receive notice of the special election period to elect to take advantage of the subsidy.
- 2. How much is the subsidy?** Eligible employees may receive a 65 percent subsidy toward their health care premium for up to nine (9) months. The Treasury Department will provide employers (or health plans, if they administer COBRA benefits) a credit against payroll taxes to cover the cost of the subsidy. The subsidy terminates upon any offer of new health care coverage through an employer or with Medicare eligibility.
- 3. When does the subsidy take effect?** March 2009.
- 4. Are there new notice requirements?** Yes! COBRA notices must include information on the availability of the premium assistance. Model notices from the Department of Labor are due 30 days after enactment (so by March 18, 2009). The Act requires employers to notify all plan participants of the new subsidies within 60 days of enactment (or by April 17, 2009).

Once the Department of Labor model notice has been issued, we will let you know.

SALES TAX INCREASE APRIL 1ST

Effective April 1, 2009, the state sales and use tax rate increases by 1 percent.

In addition, if you are in a city or county that has a voter approved local district tax rate increase effective on April 1, 2009, your overall tax rate increase will be even higher.

The table in the box on the next page shows the combined statewide and district tax rate increase that apply as of April 1, 2009.

The 1% tax rate increase will expire on either July 1, 2011, or July 1, 2012, depending

upon whether the voters approve the proposed Budget Stabilization constitutional amendment in a statewide election to be held on May 19, 2009.

What if I collect tax at the lower tax rate for sales made after April 1, 2009?

If you incorrectly collect sales tax reimbursement or use tax at the lower tax rate after April 1, 2009, you will still owe the 1 percent difference.

In the box on page 2 is the tax rate in counties and cities as of April 1, 2009.



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STIMULUS & SMALL BUSINESS

The passed stimulus package allocates a hefty sum of \$787 billion to economic recovery, down slightly from the original proposal of \$819 billion dollars. Here's two ways that may help printers reduce their tax bill.

1. Section 179 Deduction

- You can expense up to \$250,000 for property purchased in 2008 tax year. This is almost twice the previous limit of \$128,000, but it is only available for your 2008 property purchases.
- Property that may qualify includes the following items: printing presses, office equipment, computers, off-the-shelf computer software, and signs.
- Most passenger automobiles and other vehicles used for transportation are also eligible for Section 179 deduction. However, sports utility vehicles with a gross weight of over 6,000 pounds and not more than 14,000 pounds are limited to \$25,000 Section 179 deduction.

2. Accelerated Depreciation

- First deduction. You may also be entitled to expense (write-off) 50 percent of what you paid for property purchased in 2008.
- Second deduction. In addition to the 50 percent write-off, you can take a write-off of the normal first year depreciation on the remaining 50 Percent of what you paid for the property.
- Property that may qualify includes the following items: printing presses, office equipment, computers, computer software, and signs.
- For passenger cars, vans, and trucks depreciation limits are increased by \$8,000 as follows:
 - Depreciation limits for cars increase from \$2,960 to \$10,960
 - Depreciation limits for vans and trucks (with a gross vehicle weight of 6,000 lbs or less) go from \$3,160 to \$11,160.

Finally, the following IRS Press Releases provide further information on these on business deductions:

- Business Provisions of the Economic Stimulus Act of 2008, <http://www.irs.gov/newsroom/article/0,,id=183867,00.html>
- IRS to Issue Guidance on Special 50 Percent Depreciation Allowance, <http://www.irs.gov/newsroom/article/0,,id=181364,00.html>
- 2008 Economic Stimulus Act Provides Tax Benefits to Business <http://www.irs.gov/newsroom/article/0,,id=179227,00.html>

CALIFORNIA SALES & USE TAX RATES BY COUNTY & CITY

Effective April 1, 2009 (includes state, county, local, and district taxes)

ALAMEDA CO	9.75%	NEVADA CO.	8.375%
ALPINE CO	8.25%	Town of Truckee	8.875%
AMADOR CO+	8.75%	City of Nevada City	8.875%
BUTTE CO	8.25%	ORANGE CO.	8.75%
CALAVERAS CO.	8.25%	City of La Habra*	9.25%
COLUSA CO.	8.25%	City of Laguna Beach	9.25%
City of Williams	8.75%	PLACER CO.	8.25%
CONTRA COSTA CO.	9.25%	PLUMAS CO.	8.25%
City of Richmond	9.75%	RIVERSIDE CO.	8.75%
City of Pinole	9.75%	SACRAMENTO CO.	8.75%
City of El Cerrito	9.75%	City of Galt*	9.25%
DEL NORTE CO.	8.25%	SAN BENITO CO.	8.25%
EL DORADO CO.	8.25%	City of Hollister	9.25%
City of Placerville	8.50%	City of San Juan Bautista	9.00%
City of So. Lake Tahoe	8.75%	SAN BERNARDINO CO.	8.75%
FRESNO CO.	8.975%	City of Montclair	9.00%
City of Clovis	8.975%	City of San Bernardino	9.00%
City of Reedley	9.475%	SAN DIEGO CO.	8.75%
City of Sanger	9.725%	City of El Cajon*	9.75%
City of Selma	9.475%	City of La Mesa*	9.50%
GLENN CO.	8.25%	City of National City	9.75%
HUMBOLDT CO.	8.25%	City of Vista	9.25%
City of Arcata*	9.00%	SAN FRANCISCO CO.	9.50%
City of Eureka*	8.50%	SAN JOAQUIN CO.	8.75%
City of Trinidad*	9.00%	City of Manteca	9.25%
IMPERIAL CO.	8.75%	City of Stockton	9.00%
INYO CO.	8.75%	SAN LUIS OBISPO CO.	8.25%
KERN CO.	8.25%	City of Arroyo Grande	8.75%
City of Arvin*	9.25%	City of Grover Beach	8.75%
City of Delano	9.25%	City of Morro Bay	8.75%
KINGS CO.	8.25%	City of Pismo Beach	8.75%
LAKE CO.	8.25%	City of San Luis Obispo	8.75%
City of Clearlake	8.75%	SAN MATEO CO.	9.25%
City of Lakeport	8.75%	SANTA BARBARA CO.	8.75%
LASSEN CO.	8.25%	SANTA CLARA CO.	9.25%
LOS ANGELES CO.	9.25%	City of Campbell*	9.50%
City of Avalon	9.75%	SANTA CRUZ CO.	9.00%
City of El Monte*	9.75%	City of Capitola	9.25%
City of Inglewood	9.75%	City of Santa Cruz	9.50%
Pico Rivera*	10.25%	City of Scotts Valley**	9.25%
City of South Gate	10.25%	City of Watsonville	9.25%
MADERA CO.	8.75%	SHASTA CO.	8.25%
MARIN CO.*	9.00%	SIERRA CO.	8.25%
City of San Rafael***	9.50%	SISKIYOU CO.	8.25%
MARIPOSA CO.	8.75%	SOLANO CO.	8.375%
SONOMA CO.*	9.00%	STANISLAUS CO.	8.375%
City of Santa Rosa***	9.25%	City of Ceres	8.875%
City of Sebastopol***	9.25%	SUTTER CO.	8.25%
MENDOCINO CO.	8.25%	TEHAMA CO.	8.25%
City of Fort Bragg	8.75%	TRINITY CO.	8.25%
City of Point Arena	8.75%	TULARE CO.	8.75%
City of Ukiah	8.75%	City of Dinuba	9.50%
City of Willits	8.75%	City of Farmersville	9.25%
MERCED CO.	8.25%	City of Porterville	9.25%
City of Los Banos	8.75%	City of Tulare	9.25%
City of Merced	8.75%	City of Visalia	9.00%
MODOC CO.	8.25%	TUOLUMNE CO.	8.25%
MONO CO.	8.25%	City of Sonora	8.75%
Mammoth Lakes	8.75%	VENTURA CO.	8.25%
MONTEREY CO.	8.25%	City of Oxnard*	8.75%
City of Del Rey Oaks	9.25%	City of Port Hueneme*	8.75%
City of Pacific Grove	9.25%	YOLO CO.	8.25%
City of Salinas	8.75%	City of Davis	8.75%
City of Sand City	8.75%	City of West Sacramento	8.75%
City of Seaside	9.25%	City of Woodland	8.75%
NAPA CO.	8.75%	YUBA CO.	8.25%