



NATIONAL NEWS

California Sales Tax Victory!! from Graphic Artists Guild

Fantastic news for California-based artists!

February 7, 2002

Contact: Mike Friedrich, Sales Tax Committee, Northern California

Graphic Artists Guild

Ph. 510-644-1886 email: Berkeley99@aol.com

A Long Battle Won: The California Board of Equalization Delivers Sales Tax Exemption to Graphic Artists

San Francisco, CA -This week in a long awaited victory for the California arts community, the California Board of Equalization voted to clarify the sales tax regulations affecting illustrators, photographers, cartoonists and designers. Heeding the seven-year effort by the Graphic Artists Guild, this vote will benefit graphic artists in four ways:

- 1) It virtually exempts sales tax on all reproduction rights (including royalties) on the artwork of graphic artists.
- 2) It exempts from sales tax artwork delivered on computer disk if the disk is returned.
- 3) It exempts sales tax on print design when the designer buys the printing.
- 4) It clearly specifies that commercial photographers working in the advertising and publishing fields are considered graphic artists.

"This is a another clear victory for us," said Lloyd Dangle, Graphic Artists Guild National President, creator of the Troubletown strip found in alternative weeklies and the initial organizer of the Guild's sales tax effort. "The BOE has recognized that our work is about creating and licensing intellectual property. Finally, they have shifted away from taxing our work as tangible merchandise."

This decision comes nine months after the California Supreme Court found that illustrator Heather Preston was unfairly required to collect sales tax on the licenses of reproduction rights and royalties to her artwork. Regulations 1540, 1541, and 1543 were rewritten in light of the Preston decision.

"We're grateful especially to Board Chair Johan Klehs (D-Hayward), who took the lead in this final effort, and senior minority Board member, Dean Andal (R-Stockton), who was an early supporter of our position," said Mike Friedrich, current head of the Guild Sales Tax Committee. "What's remarkable is that Mr. Klehs (<http://www.KlehsforController.com>) and Mr. Andal (<http://www.DeanAndal.com>) are each campaigning for State Controller in their respective Democratic and Republican primaries March 5th, yet they came together to support our members."

"We owe thanks to many others along the way," Friedrich continued, "starting with New York artist and attorney Daniel Abraham; our Sacramento attorney Eric Miethke; Mary Ann Massenberg, Pat Caccamo and Rudy Florez from the United Auto Workers; Ric Grefe, Executive Director of AIGA (national); Heather Preston and her attorney Nicholas Blonder; our own Joe VanDerBos, Jeff Fohl, and Molly Knappen; and dozens of Guild members statewide who wrote letters, made visits to their legislators, and sent in contributions."

The Graphic Artists Guild's Northern California Chapter has been pursuing sales tax reform for artists through the California State Legislature and the California Board of Equalization since 1996. This ambitious campaign began in response to punishing and unfair audits on some of its members. The Motion Picture Association of America (MPAA), the Association of

American Advertising Agencies (AAAA), Editorial Photographers (EP), and the American Society of Media Photographers (ASMP) joined the Guild in this effort. More information at www.norcal.gag.org.

The revisions to regulations 1540, 1541, and 1543 will be posted in a few months at <http://www.boe.ca.gov/sutax/staxregs.htm>