

Printing techniques have been classified under major headings according to the manner of producing the image and the way the image is transferred. When the printed matter is produced for sale, the printer is entitled to any and all exemptions from sales and use tax afforded any other manufacturer. Charts and graphs have been provided to demonstrate the allowable production exemption, where items of tangible personal property are used or consumed directly and predominantly to produce printed material for sale. Printers must keep in mind when using this booklet, that these exemptions do not apply if the property produced is not for sale. It is also important to note that there are differences between the exemptions available for statewide tax purposes and those available for local taxes.

A general list of activities performed and items commonly used in the printing industry is provided herein, and each definition of tangible personal property is followed by a notation which indicates how the property is used in the manufacturing process.

The exemptions provided for purchases of property used in production do not apply to purchases for administrative and distributive functions. Administration includes activities such as sales promotion, general office and collection work, as well as clerical work related to production (preparation of work records, production records and time records). Also included in administrative functions are purchasing, transportation, receiving and testing of raw materials, storage of tools and finished products. Distribution includes all operations subsequent to the last step of production. The last step in production occurs when the product is completed, packaged, and ready to enter the stream of commerce. Resale of Exempt Use Certificates, which should be furnished to suppliers for property used or consumed directly and predominantly in production, must not be used when making purchases for administrative or distributive purposes even when a supplier is holding a blanket exemption certificate filed by the printer. All purchases to be used in administrative and distributive functions are subject to sales tax.

I. INDUSTRY BACKGROUND

Description of Printing

Printing is a technique of producing an image on a plate and transferring that image to a printing surface. There are several printing techniques which are classified into major divisions according to the manner of producing the image and the way the image is transferred.

1. Electrostatic screen printing

A process using a thin flexible printing element (stencil) with finely screened openings defining the image to be printed. Electroscopic dry ink is disbursed through the stencil and is attracted to the printing surface where it is held by electrostatic attraction. The plate containing the image does not come in contact with the material to be printed.

2. Intaglio (gravure) printing

A printing process whereby the printing area is etched out of, and below, the surrounding nonprinting parts. The whole surface is covered with ink, the excess removed, leaving the etched portions filled with ink. When the paper is pressed against the surface, the ink is drawn out and transferred to the stock. Rotogravure, photogravure, and colorgravure are types of intaglio printing.

3. Letterset (dry offset) printing

A process using thin, flexible, relief plates which print onto a rubber blanket. This in turn offsets the ink to the surface of the paper, without the use of water to maintain the nonprinting areas.

4. Planographic printing

A method of printing where both the printing and nonprinting areas are on the same plane. A common planographic printing method is offset lithography (or photolithography). By this method the ink is not transferred directly from plate to paper, but rather from plate to an intermediate rubber covered cylinder and then to the paper. Other forms of planographic printing include duplicating, photogelatin process, and hectographic printing.

5. Relief printing

A printing process in which the printing surface stands higher than the nonprinting areas. Ink is applied to a raised (relief) surface and transferred to paper through pressure. Examples of relief printing are letterpress and flexography, commonly used to print newspapers and magazines.