



TIMBERtalk

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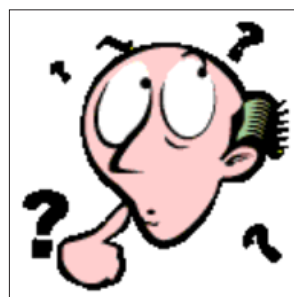
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FARM EXEMPTION OR NOT

How's a Dealer to Know?

A member called the OCSA office recently with what seemed to be a fairly simple question. Are all building material sales to farmers tax exempt? The dealer supplies material for pole barns on area farms and wanted to make sure he was correct in not charging sales tax. Answering that question was not so simple. It required several telephone conversations with OCSA Associate member Battelle & Battelle and some investigation by them into the tax code. The not so simple answer to the dealer's question is that it depends on what the materials are going to be used for.



Materials used in the construction of a horticulture or livestock structure are exempt from sales tax. Material sales for use in the construction of structures to house machinery, however, are not exempt from sales tax.

A sales tax director for the state of Ohio said "a barn constructed to primarily house livestock, where primarily is over 50% use, is exempt from sales tax." According to the Ohio Revised Code, "a livestock structure means a building or structure used exclusively for the housing, raising, feeding, or sheltering of livestock, and includes feed storage or handling structures and structures for livestock waste handling."

The revised code defines a horticulture structure as a "building or structure used exclusively for the commercial growing, raising or overwintering of horticulture products, including the area used for stocking, storing and packing horticulture products when done in conjunction with the production of those products."

In addition to asking the purpose of the building that the materials will be incorporated in, building material dealers should also get an exemption certificate from customers claiming the purchase is tax exempt. There are several types of exemption certificates that protect suppliers if it is later determined that the transaction did not qualify for sales tax exemption. A *Construction Contract Exemption Certification* is used when making purchases of materials to be incorporated into real property as part of an exempt construction contract. In addition to the contractor/subcontractor, the exempt contractee must sign this certificate. This certificate protects both the contractor and the building material supplier if it is later determined that the transaction did not qualify for sales tax exemption.

See **FARM EXEMPTION** on Page 5



THANK YOU!

Thanks to **Paycor Payroll Services** for sponsoring this issue of TimberTalk.

CALENDAR OF EVENTS

November 2009

- 17 **OSHA Combustible Dust - Not Just a Grain Elevator Hazard (Webinar)**
- 18 **Coffee with the Expert - Trucking Rules & Regulations (Conference Call)**
- 19 **OCSA Regional Meeting & BIA of South Central Ohio Joint Dinner Meeting**
Christopher Conference Center
Chillicothe, OH

December 2009

- 8 **Year-Round Strategies to Make the Tax Law Work for You (Webinar)**
- 9-10 **Commercial Estimating Seminar**
OCSA Headquarters
Columbus, OH



TAH HEALTH TIP

Sleep your Way to Better Health



Did you know adequate rest is just as important to health and peak performance as exercise and good nutrition? It's true; yet according to an Institute of Medicine study approximately 50 million Americans do not get enough sleep. If you are one of the

50 million sleep deprived, you might try the following strategies to get the recommended 7-8 hours of sleep a night:

- Go to bed and get up at the same times every day – even on your days off work. This will help regulate your body's internal clock.
- Establish a relaxing bedtime routine. Try a warm bath, light reading or listening to pleasant music. Research has found that listening to classical or new age music at bedtime has been shown to help insomnia sufferers fall asleep. A possible reason for this is that the music matches the body rhythms and slows the heart rate.
- Skip stimulants such as caffeine and nicotine from late afternoon on. Alcohol is also not a good sleep inducer. Once the sedative effects of alcohol wear off, it can actually trigger wakefulness.

- Squeeze in daytime fitness. In one recent study, regular exercisers not only slept almost an hour longer than non-exercisers; they also fell asleep in half the time.
- Get help if your sleep has been disturbed often during the past month, or if sleep problems interfere with your ability to function normally during the day.

INFOLINE: For more information about sleep, call the National Sleep Foundation at 1-888-673-75333,

This health tip is provided by Tabit, Arganbright & Hazelbaker (TAH), OCSA's Group Benefits Agents. With over 30 years experience providing building supply dealers with healthcare solutions, TAH is ready to assist you. For a no cost, no obligation benefits consultation, call Karl or Jay at 800/237-2333.

(Source: TopHealth, May 2008)



TO SURVIVE AND THRIVE IN A DOWN ECONOMY

By Sandy Sawyer

These are difficult times to be in the building supply business. In many cases our top line has been reduced by 50% in the past 2 1/2 years. Expense reduction has taken longer to implement than the dramatic drop in sales. Companies are struggling with cash flow and profitability. With total payroll anywhere from 50% to 70% of our gross profit dollars, there are still hard decisions to be made. But we must assume the cup is half full and develop the right strategies and execute those strategies to continue to be profitable and successful companies. If we do so, the turnaround will be a bonanza for your company. Here are the ideas I see inside of successful building supply dealers today.

1-If you are in a rut, get out of it now. I still hear all the time that “We can’t do that”, “Our customers won’t let us do that”, “Our employees don’t get it”, among other negative comments. At a recent roundtable I ran this past summer, four of the ten companies are shooting for 30% gross margins. [Add 2-3% if you have a retail presence.] Here’s where you say “We can’t do that”. You can and you need to. Gross margin dollars are what are saving the day for many firms in this economy. When I started facilitating roundtables five years ago, the average margin in the room was 25%. Just run your P&L with 3 more margin points and see if that makes you sleep better at night.

“What counts is not necessarily the size of the dog in the fight – it’s the size of the fight in the dog.”

- Dwight D. Eisenhower
34th President of the United States

2-Take charge of your part of the business. Stop being a victim. Stop saying “No” and figure out a way to say “Yes”. Let people know what is expected of them on a daily basis. Make sure all your employees know this. How about a banner over your sales counter that states “We are in the YES business”.

3-Increase market share. There are still ways to do this. Get new customers; sell more product lines to existing customers. Reward your salespeople for both efforts. But you must track it and publish it. You should know by month and year to date that new business represented X% of sales year to date. Many more dealers would be out of business if they had not made new business a quantifiable goal in their company. And conversely, you should know where your numbers would be without this increase in market share. You must know who in your company is successful at getting new business and unleash them.

4-Know your numbers as you have never known them before. For instance, do you know what % of your business is in returns and credits? And do you know it by salesperson and customer? This is one of several areas in your company when you get to pay twice the expenses for a negative number. You need to have an Excel genius on your staff to carve out new numbers that allow you to pinpoint the problem and opportunity areas in your company. Do you know the dollar amount and % of total inventory that are in your “C”, “D”, “X”, and returned goods inventory. If you do not, you will be amazed and unhappy.

5-Make sure every transaction is executed perfectly. With such a slow down and fewer transactions, every invoice, purchase order, delivery, and customer interaction should be at 100%. Track any errors on a daily basis and correct them immediately.

6-When you say you are going to do something, do it. And not in a week. Do it the same day. I am always alarmed at the lack of urgency in many people’s lives. You need to be ahead of the game and pro active in any market, but especially one where you have to fight harder every day.

7- Develop better marketing to your customer. The adage says “If your customer doesn’t know you are doing it, then why are you doing it?” We do a poor job generally of communicating our value to our customer. We think it is more often than not a cost of doing business to provide all the services that our customers require. That may be true, but what package do we put those services into to present to our customers? Anything that you do can be marketed to your customers.

How does your company measure up? Are you making the proper course corrections to weather this downturn? Are you positioning your company for the upturn? What benchmarks are you monitoring on a monthly basis to insure success? How will they change when the industry becomes healthy again? Over 80 building supply dealers I work with have been charting when the recovery will come... and their crystal ball has moved the date from the 3rd quarter of 2009 to the 2nd quarter of 2010 to the 2nd quarter of 2011. You will at least have another year of the same. Do the work necessary.

Sandy Sawyer is a consultant to the lumber and building supply industry. He can be reached at 401-295-9349 or at sawyer321@cox.net. Sandy is the moderator of the OH/KY Roundtable.

FMLA & the H1N1 VIRUS

By Ron Lucki, CareWorks

Business owners and human resources managers need to be prepared to comply with the rules of the Family & Medical Leave Act (FMLA) should employees or their family members contract the H1N1 virus. Companies with 50 or more employees are subject to FMLA.

Is H1N1 covered under the Family Medical Leave Act?

In certain circumstances, workers or their family members who contract the H1N1 virus may be eligible for FMLA leave. The degree of illness needs to constitute a serious health condition.

According to FMLA rules, this must involve inpatient care at a medical facility or continual treatment by a health care provider. For example, if an employee visits a healthcare provider and is prescribed medication or is hospitalized, then this meets the definition criteria of serious health condition under FMLA. The same holds true if an employee's spouse, child or parent visits a healthcare provider and is prescribed medication for the condition or is hospitalized.

Examples of situations where leave relating to H1N1 virus would be covered by FMLA include:

- Employee contracts H1N1 virus, visits a doctor and is given a prescription for the virus.
- Employee contracts H1N1 virus, visits a doctor and remains in the hospital overnight for observation.
- Employee takes leave to care for a spouse, child or parent with the H1N1 virus and the spouse, child or parent visits a doctor and is given a prescription.

Examples of where leave relating to H1N1 virus would not be covered by FMLA include:

- Employee has a mild case of H1N1 virus and does not visit a health care provider.
- Employee takes leave to care for a spouse, child or parent who is believed to have the H1N1 virus, but the infected family member does not visit a health care provider.
- Employee is on leave as a precautionary measure because they have been exposed to the H1N1 virus.
- Employee does not go to work for fear of contracting the H1N1 virus.

What Does the Center for Disease Control (CDC) Recommend Under Current Flu Conditions?

1. Advise employees to stay home if sick until 24 hours after their fever is gone.
2. Encourage respiratory etiquette and hand hygiene. (Consider installing a complimentary dispenser of anti-bacterial gel for employees' regular use.)
3. Separate employees who become sick and ask them to go home.
4. Routinely clean surfaces that get frequent hand contact. (Have cleaning materials readily available so it gets done.)
5. Encourage sick employees at risk for complications to seek medical care as soon as possible.
6. Prepare your business by cross-training employees. (If the receptionist is the only one who knows how to transfer a call, your business would be in trouble if this person is out sick.)
7. Encourage flu vaccines. (Consider arranging to have them available at work through your wellness program.)
8. Provide information to employees working out of state and overseas.

Additional Resources:

- The CDC, Homeland Security, the Department of Labor and the Department of Health and Human Services have set up a website where you can obtain additional information online at www.flu.gov.
- On www.flu.gov you can find specific advice for businesses, schools, healthcare providers, families and communities, in addition to accessing informational brochures and web links on H1N1 and the seasonal flu. Through this website, you can sign up for immediate email updates as well.

Sources:

- 1 – <http://www.mondaq.com/article.asp?articleid=79460>
- 2 – <http://blog.laborlawposter.com/2009/08/25/family-medical-leave-act-fmla-and-the-h1n1-virus/>

If you have questions regarding this article or would like additional information from CareWorks USA, please contact Ron Lucki, Director of Business Development, at 1-888-627-7586, Ext. 3510 or email ron.lucki@careworks.com.

FARM EXEMPTION *continued from Page 1*

Only a contractor is required to sign the *Contractor's Exemption Certificate*. This exemption certificate is used by a contractor when making purchases of material to be incorporated into real property as part of an exempt construction contract. Unlike the *Construction Contract Exemption Certification*, this certificate only protects the supplier should it be determined later that the transaction did not qualify for sales tax exemption.

Lastly, the *Blanket Exemption Certificate* is used to make a continuing claim of exemption from the same vendor or seller. This certificate also protects the supplier if the transaction later turns out to not qualify for exempt status.

A huge thank you goes to Battelle & Battelle, especially Brian Schneider, for really digging into this farm exemption matter to answer the dealer's question. Battelle and Battelle LLP is one of the largest independent accounting and business consulting firms in Ohio. Founded in 1913 & located in Dayton, Battelle & Battelle's services include audit/accounting, tax preparation, financial planning, and mergers/acquisitions. For more information about Battelle & Battelle's services, contact 937/298-0201 or battellecpas.com.

BWC BOARD STRIKES ANOTHER BLOW TO GROUP-RATED EMPLOYERS

At its October 30 meeting, the Board of Directors of the Ohio Bureau of Workers' Compensation voted for a Credibility Table reduction to 65% and approved the stratified Break Even Factor surcharge for the July 1, 2010, rate year. These changes result in a continued reduction in the Group Rating discounts available to Ohio's safest employers. Effectively, the July 1, 2010 maximum Group Rating discount will be a 51% discount after these changes. Additionally, all other discount levels associated with Group Rating will be negatively impacted.

The BWC Board decided to move forward with the BWC's July 1, 2010, rate plan despite numerous calls from the business community and legislative leaders to postpone further increases until the result of the 2008 and 2009 changes could be fully analyzed.

OCSA members usually have received their Group Rating offering from the association before November. We were unable to send offerings until the BWC Board set the rates at their October 30 meeting. Our offerings have just begun to go out, so watch your mail. If you are not in OCSA's Workers' Compensation Group Rating plan and would like to see the savings our plan can provide you, please contact the OCSA office at 800/282-4632.

Donations Needed for Student Scholarships

In January, OCSA will again be accepting applications for its Student Scholarship program. The scholarships are available to all OCSA members, their families, their employees (both full and part-time employees) and employees' families. Scholarships awards may be used at any accredited college, university or vocational school.

The 2009 Scholarship winners' parents work for OCSA member companies Ansonia Lumber and Palmer-Donavin Manufacturing Co.

Donations are needed to support OCSA's Student Scholarship. If you would like to be a part of helping a deserving young person with their education, you may send your contribution (payable to OCSA) to OCSA, 41 Crowell Road, Columbus OH 43214. Please designate Student Scholarship on the memo line of your check.

NLBMDA APPLAUDS PASSAGE OF HOMEBUYER TAX CREDIT

We at OCSA join the National Lumber and Building Material Dealers Association (NLBMDA) in applauding the passage of legislation by the U.S. Congress that would expand and extend the homebuyer tax credit and expand net operating loss (NOL) carryback tax relief to more businesses. Specifically, the legislation would:

- Extend the current \$8,000 first-time tax credit to purchases of primary residences under contract by April 30, 2010 and closed by June 30.
- Create a \$6,500 homebuyer tax credit for those that have owned their primary home for five years.
- Raise qualifying income limits to \$125,000 (single) and \$225,000 (couple)
- Expand NOL relief to all businesses so that they can offset current losses against taxable profits earned in the previous five years.

Extension of the homebuyer tax credit and expanded NOL relief have been top legislative priorities for NLBMDA in 2009. Both have been deemed critical to reviving the housing market during the prolonged recession.

"The enhanced and extended homebuyer tax credit will go a long way toward assisting the economic recovery of our industry by speeding up the disposition of foreclosures, stabilizing home prices and helping to bring equilibrium to housing inventories in many parts of the country," said NLBMDA Chairman Dan Fesler, CEO of Lamperts in St. Paul, MN. "Further, the expansion of the net operating loss carryback provision will free up capital and save jobs at a time we need it the most."



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Founded in Cincinnati 19 years ago, Paycor is now the largest independent payroll company in the country. CEO Bob Coughlin attributes the company's success to an overall philosophy that values caring for clients, caring for employees and caring for the community.

Caring for clients means assigning each one a dedicated Payroll Specialist who is readily available to answer questions and walk clients through any problems that may arise. And, it means offering a variety of solutions that will best fit your company's needs and save you time and money.

For instance, if you have less than 50 employees and are interested in a

simple, online option to enter and manage your payroll, Paycor can help. Other payroll companies have self-service online options, but Paycor's Internet Entry payroll solution is *full-service* – complete with a dedicated Payroll Specialist to guide you through the process, answer questions and ensure the accuracy of your payroll.

You might also be interested in eliminating the hassle of manually collecting, calculating and correcting time cards. ReadyClock is Paycor's web-based time and attendance solution. Your employees can simply clock in and out by computer or clock terminal, and managers can review and edit employee time cards online. With just a few clicks, you can import hours from ReadyClock directly into your Paycor payroll solution – making employee time tracking easier, faster and more accurate.

For companies with more than 50

employees, Paycor offers full-service payroll, time and attendance, and human resources solutions that are feature-rich, simple to use and integrate seamlessly with each other.

Other areas Paycor can help companies of any size include benefits administration, tax filing and compliance, workers' compensation and employment screening services. And, the new HR Support Center provides the answers you need to avoid HR compliance missteps.

Paycor is happy to discuss your specific needs and how they can help. Call Paycor today for an absolutely free, no-obligation consultation at 800-381-0053, or visit www.paycor.com to learn more and/or view demos.

If you would like to be a sponsor of this newsletter, please contact Lynn at lynns@myocsa.org or 800/282-4632.