

Shop Application and OEM

Updated — May 2014



Purpose

This notice is to clarify that architectural paint products are excluded from the PaintCare program when they are used in Shop Application or Original Equipment Manufacturing (OEM). Retailers of these products may remove the Assessment (PaintCare fee) from the purchase price of architectural paint (i.e., PaintCare products) in states with active PaintCare programs.

Background

In order to assist companies with determining what products are architectural coatings subject to the PaintCare fee and what products are not, PaintCare developed a definition of architectural paint detailing what factors should be taken into consideration when making these determinations. In addition, the definition lists examples of PaintCare products and examples of non-PaintCare products (products that should not be assessed the fee). PaintCare relies on individual manufacturers to determine which, if any, of their products are part of the program. In some cases, PaintCare helps with this determination based on inquiries from a manufacturer. In the case of products used in a shop setting or for the manufacturing of goods or equipment, it has come to our attention that manufacturers and retailers of these products desire clarification on when the fees may be removed and how to keep records.

In order to ensure that all manufacturers and retailers are on a level playing field and the PaintCare fee is placed on all products subject to the assessment, PaintCare herein clarifies that products used in Shop Application and OEM are not considered PaintCare products and the PaintCare fee is not required to be assessed and remitted by manufacturers of these products. Products used "in the field" are not excluded.

EXAMPLES: EXCLUDED (FEES MAY BE REMOVED)

- A furniture shop stains and applies lacquer to furniture at the shop. The stain and lacquer are excluded because they are used in the shop.
- A tool manufacturer paints all of its tools in a factory. The paint is excluded because it is applied in the factory.
- A kitchen cabinet company builds and paints cabinets at their shop. The paint used to finish the cabinets is excluded because it is applied in the shop.
- A company builds pre-fabricated houses and paints the houses at their manufacturing facility. The paints used at the plant are excluded because they are applied at the plant.

EXAMPLES: NOT EXCLUDED (FEES ARE TO BE APPLIED)

- A kitchen cabinet company builds cabinets at the shop, and then the cabinets are installed and finished in a residence. The paint used to finish the cabinets in the field is not excluded because it is applied in the field.
- A pre-fab house is assembled at the final building site. The company that built the house sends a few gallons of paint (known as "loose-ships.") to the final building site for touchups and final painting after the house is assembled. The loose-ship products are not excluded because they are applied in the field.

Record-Keeping

Manufacturers and retailers may exclude the PaintCare fee from products for Shop Application and OEM provided they keep records, subject to audit, to demonstrate that the fees were not charged for a valid reason, e.g., a regular customer is known to be a furniture builder. PaintCare does not have specific requirements about how these records are to be kept and leaves it up to the retailer and manufacturer to develop their own system. PaintCare suggests retailers and manufacturers work together to develop their own record keeping system, and that retailers at a minimum keep a file with copies of invoices showing products sold without the fee and notes regarding their customers.

Credits on Fees Already Paid

Retailers that pay fees on their wholesale invoices may request credits from their suppliers. Suppliers that remit to PaintCare may in turn apply the same credit to a future payment. These credits are also subject to audit.

More Information

For more information about the PaintCare program and the responsibilities of manufacturers and retailers, please visit www.paintcare.org or contact:

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