



## CONCRETE MASONRY CHECKOFF

# FREQUENTLY ASKED QUESTIONS

## HOW ASSESSMENTS ARE USED

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### 1 Where will my checkoff dollars go?

The Order requires that at least 50% of program dollars be invested back into projects specific to each respective region. Regional Advisory Councils (RACs) serve as sub-committees of the checkoff Board of directors. RACs will make program and funding recommendations to the Board. Remaining program dollars will be invested in national programs such as marketing, design assistance and workforce development.

### 2 How will the checkoff help the future of the masonry industry?

Every checkoff program funded must answer the same question: **does it ultimately drive demand for CMU?**

## UNITS INCLUDED/NOT INCLUDED

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### 1 Does the type of aggregate used in making the unit matter for determining inclusion?

No. If aggregates are mixed with a cementitious binding material and the resulting unit is made on a block machine and conforms to other definitions, those units made with a wide range of aggregates should be included. A non-exhaustive list of aggregates includes: natural aggregates (calcareous, siliceous, limestone, granite, etc.), manufactured lightweight aggregates (expanded clay, shale, slate, bottom ash, etc.), manufactured aggregates (polystyrene, etc.) and recycled materials.

### 2 Does the type of cementitious material used in making the unit matter for determining inclusion?

No. Portland cement variations might be most common, but units made with alternative cement replacement binders also should be included.

### 3 Should units intended to be laid with robotic installations be included?

Yes, assuming they meet other determining requirements.

### 4 Are proprietary units included, or only standard, commodity units?

All concrete masonry units, including those licensed and patented, are included if they meet the governing definitions.

### 5 Are cap units used on the top of masonry fences included?

Yes.

### 6 Are fly-ash block included?

Yes; this product includes binding mediums referenced in the definition of dry-cast concrete.

### 7 Are units made on a big board machine included?

Yes, if those units meet the other qualifications (made with dry-cast concrete, suitable for use in masonry construction at a width of three inches or greater). The definition of "block machine" is such that it would encompass most big-board machines.

## UNITS INCLUDED/NOT INCLUDED

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### 8 Are non-loadbearing units included, or is the program limited to structural block?

The definitions do not distinguish between loadbearing, non-loadbearing, veneer or other applications. The key factor is whether the units are suitable for use in masonry construction. Therefore, non-loadbearing units used in masonry are included.

### 9 Is a half block considered a one-cent assessment, or half of the one-cent assessment?

A half block is subject to a one-cent assessment. Each individual block is one cent as long as it's greater than three inches. The order states this as an actual width of three inches, not nominal.

### 10 Are units made in or shipped to countries outside of the United States included in the assessment?

All units manufactured in the United States are included. Units are excluded if they are manufactured outside of the U.S. For the purposes of this program, those units made in U.S. territories (American Samoa, Guam, the Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands) are excluded.

### 11 Should concrete brick be assessed?

Yes, but only if all three apply:

- They have an actual bed depth of three inches or greater.
- They are suitable for use in masonry.
- They are "architectural," meaning that they are exposed in the masonry wall (which would typically mean that they have integral coloring). Gray utility brick is not included.

### 12 Should concrete lintels be included?

U-shaped and knock-out concrete block lintel units (typically eight to 24 inches in length), SHOULD be included. These units are simply a type of concrete block that meets all definitions of a concrete masonry unit within this program. However, those concrete products that are designed to span an entire opening (typically greater than 24 inches, and typically reinforced) are specifically excluded from this program regardless of whether they are made of wet-cast or dry-cast concrete.

### 13 Are there certain ASTM unit specifications that apply to included and excluded units?

While ASTM standards are not referenced in the definitions, they can provide a reasonable guide to assist in determining inclusion and exclusion.

In general, units complying with the following specs are included: C 90 Loadbearing Concrete Masonry Units, C129 Nonloadbearing Concrete Masonry Units, C744 Prefaced Concrete Units, C1634 Concrete Facing Brick and Other Concrete Masonry Facing Units, C1790 Fly Ash Facing Brick.

To view all the units that are included and excluded, visit [concretemasonrycheckoff.org/assessments/assessment-qa](https://concretemasonrycheckoff.org/assessments/assessment-qa)

## AUDITING PROCESS

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### 1 How far back in the past can the auditors audit?

The audit process is being established and it is our expectation that the third-party auditors will focus on the recent year of assessments, but it's likely there will be no limit on the time that they can look back. The Board is currently working on an Evaluation and Compliance Policy that will provide more guidelines around the auditing process.

### 2 How soon will the audit process start? Will all producers be audited?

Yes, at some point all producers will be audited but never in the same fiscal year. The Board would like to get two or three quarters of assessments received so auditors have records to reference. This is tentative, but audits may begin the first part of 2024.

## REPORTING AND INVOICING

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### 1 What about current projects that were not quoted with check off included?

The order is quite specific: As of April 1, 2023, all sales of covered products are subject to the assessment. Pursuant to the order, once the assessment date is set by the Board, all sales after that date are assessed whether they were quoted that way or not.

### 2 If a producer resells another producer's masonry unit, and would be described as a masonry unit on the sales document but no assessment due, does that need to be explained/differentiated on the sales document?

Yes, only the first sale of block is required under the order, so the resale of block would need to be differentiated on your invoice/sales document.

### 3 For a full bed depth veneer that is sold by square foot, can we assess by square foot?

No; under the order, the assessment must be measured by unit sold. Each block is one cent as long as it's greater than three inches in size.

### 4 The assessment is for producers, so resale of purchased CMUs does not require payment of the assessment, correct?

Yes, that is correct. The assessment applies to the first sale only.

### 5 If the assessment is included in the unit price and becomes taxable, does the consumer pay the sales tax?

Yes, the sales tax will be the responsibility of the purchaser if included in the price of the product.

### 6 Is the Safe Harbor language on a picking slip sufficient? And not on an actual invoice?

The provided Safe Harbor language needs to be on the primary document of sale. If the picking slip does not stay with the invoice, it needs to be printed on your invoice.

## COMMUNICATIONS AND RESOURCES

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### 1 Will the DOC send some official document to our business directly about this program and our legal obligation to meet assessment guidelines?

No, the DOC will not be sending information surrounding assessments. The Board, as a part of its communication program with respect to assessments, has sent a postcard to all producers of which we are aware, as well as a packet of information and resources. This set of materials serve as the second notice of the start of assessments, in addition to email and webinar information provided.

The Concrete Masonry Products Research, Education, and Promotion Act of 2018 is federal law and is a part of the U.S. Code (15 U.S.C. 8701-8717); the implementing Order (15 CFR part 1500) is an official part of the Code of Federal Regulations. The law and the implementing Order establish the checkoff's mandatory nature and legal obligation of all concrete masonry products producers. The full order can be found on our website, under DOC Partnership.

### 2 What resources are available to producers to help with the start of assessments?

- **Website resources** including a contractor one-pager, invoice examples, included/not included guide, remittance form and rebate request form.
- **Question portal** accessed through [concretemasonrycheckoff.org](https://concretemasonrycheckoff.org) to ask questions pertaining to assessments.
- **Weekly eBlasts** with important information and reminders around assessment timing and new resources available to help with the remittance process.

# ASSESSMENT ACCOUNTING

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## 1 Is the concrete masonry checkoff assessment taxable income?

No. The Department of Commerce advises that the Concrete Masonry Checkoff Board is an instrumentality of the Department of Commerce and thereby tax exempt. The Department of Commerce has requested a specific determination from the Internal Revenue Service to this effect. Additionally, as an ordinary and necessary business expense, assessments are deductible for income tax purposes.

## 2 Is the concrete masonry checkoff assessment subject to State sales taxes?

States may vary in their approach to the assessment for state sales tax purposes. Typically, assessments, fees and charges payable to federal entities are not subject to state sales taxes. Most states have already established a precedent with respect to the treatment of agricultural checkoffs that exempts the assessment from sales tax. In this regard, how you reflect the assessment on your invoice may impact your ability to exempt it from state sales taxes.

If the assessment is listed as a separate line item on your invoice, it will be accounted for the same as your sales taxes.

DESCRIPTION	ACCOUNT	DEBIT	CREDIT
Invoice Subtotal (taxable materials)	Accounts Receivable Sales	\$X,XXX.XX	\$X,XXX.XX
State Sales Tax	Accounts Receivable Sales Tax Payable	\$XXX.XX	\$XXX.XX
CMU Assessment	Accounts Receivable Assessments Payable	\$XXX.XX	\$XXX.XX

## 3 If I put the assessment in the price of the product, is there a difference?

Yes. When you include the assessment in the price of the product, the assessment will be included in your taxable subtotal.

DESCRIPTION	ACCOUNT	DEBIT	CREDIT
Invoice Subtotal (taxable materials)	Accounts Receivable Sales	\$X,XXX.XX	\$X,XXX.XX
State Sales Tax	Accounts Receivable Sales Tax Payable	\$XXX.XX	\$XXX.XX

When you write the assessments check to the checkoff, you could either expense to an expense or a contra revenue account like "discounts" or "credits." Since that will offset the assessment income, the penny will not be taxable income; however, you will owe your respective state for the incremental sales tax.

## 4 What if my software system cannot find a way to list the assessment as a separate line item to avoid the sales tax issue?

We are here to help. Given that we as producers are all on this together, we want to solve technical problems with a team effort. We have already asked the members of the Concrete Masonry Checkoff Board to share how their companies are working to handle the assessment. We are going to share any and all successes with you. In addition, we have setup an inbox to take in requests for technical support at [concretemasonrycheckoff.org](http://concretemasonrycheckoff.org).

## 5 How will I report my company's assessments quarterly?

By April 1, we will have a "fillable" form on the website, [concretemasonrycheckoff.org](http://concretemasonrycheckoff.org), for your company to report total units and total dollar amount on a quarterly basis.