

# Environmental Fee

*This publication is designed to provide basic information about California's environmental fee. If you have questions that are not answered in this publication, please contact us (see reverse).*

## What is the environmental fee?

Businesses/organizations in industry groups that use, generate, or store hazardous materials or that conduct activities related to those materials must pay California's environmental fee. **The fee provides revenue for the California Hazardous Waste Management Program, which is administered by the Department of Toxic Substances Control (DTSC).**

The DTSC is responsible for

- Tracking hazardous waste from the point of generation to its final destination.
- Inspecting hazardous waste cleanup sites.
- Providing regulatory control over generators of hazardous waste and facilities that treat, store, or dispose of hazardous waste.

Business and other organizations pay the fee to the State Board of Equalization (BOE). It is then deposited into the state's Toxic Substances Control Account.

The fee was established by Senate Bill 475 (Stats. 1989, ch. 269).

## How does the state determine which industry groups are subject to the environmental fee?

The DTSC uses the broad legal definition of hazardous materials in determining which industry groups

use, generate, store, or conduct activities related to those materials.

Each year, the DTSC prepares a list of the federal Standard Industrial Classification (SIC) codes or North American Industry Classification System (NAICS) codes for the industry groups that the DTSC has determined are engaged in activities subject to the environmental fee (SIC codes and NAICS codes classify industries by business activity). At this time, all industry groups and SIC codes or NAICS codes that are not specifically exempt are included in the list (see exemptions in next column).

## Which businesses/organizations must register and file returns?

In the past, only certain corporations were required to register and file returns. The passage of Assembly Bill 1803 (Stats. 2006, ch. 77) expanded the fee to include other types of businesses/organizations. Effective January 1, 2007, most businesses/organizations operating in California must register with us and file environmental fee returns. These include:

- General partnerships
- Limited partnerships
- Limited liability partnerships
- Limited liability companies
- Sole proprietorships
- Corporations (including nonprofit out-of-state, foreign, and "S" corporations)

These businesses/organizations must file returns if:

- They have 50 or more employees,
- Each employed more than 500 hours in California during the prior calendar year.

Those with fewer than 50 qualifying employees are not required to register or pay the fee. However, any business or organization that receives an environmental fee return must file it by the due date (see "When is the fee due?" on the reverse).

## Parent vs. subsidiary corporations/organizations

Parent corporations/organizations should contact their wholly-owned subsidiaries to find out if they are registered with the BOE. If not, the parent corporation/organization must include information for the subsidiary on the parent's return. A subsidiary corporation/organization that is registered under its own account number should file separately.

## Which businesses/organizations are not subject to the fee?

As noted above, those with fewer than 50 qualifying employees are not subject to the environmental fee. The following are also exempt:

- Private households (SIC code 88).
- Nonprofit residential care facilities (SIC code 8361 or NAICS codes 623312, 62322, and 62399).

BETTY T. YEE  
1st District

BILL LEONARD  
2nd District

MICHELLE STEEL  
3rd District

JUDY CHU, Ph.D.  
4th District

JOHN CHIANG  
State Controller

RAMON J. HIRSIG  
Executive Director

- Insurance companies that pay tax on gross premiums in lieu of all other California taxes and licenses.
- Banks that pay a tax on net income in lieu of all other California taxes and licenses.
- U.S. Government corporations.
- Nonprofit credit unions, as defined in Financial Code section 14002.

If your business or organization is registered for the fee and you believe it qualifies for one of the exemptions listed here, you still must file your environmental fee return, but include a statement explaining why it qualifies.

### When is the fee due?

The annual fee is due to the BOE on or before the last day of February for the previous calendar year. All registered businesses/organizations should receive a return to complete and mail in. If you do not receive a return in early February, please contact us.

*Exception: You must notify us at the time you close or sell your business or organization so we can update our records and send you a final return.*

To avoid receiving a delinquency notice, you must file a return, even if you employ fewer than 50 qualifying employees or wish to claim one of the exemptions listed in this pamphlet. Late payments are subject to a penalty of 10 percent, plus interest at an adjusted annual rate, as specified in the Revenue and Taxation Code.

*Please note:* If your business or organization is required to register, you must file a return even if you do not receive one from us. To register, call the Environmental Fees Division at the number listed in the next column, or download an application at [www.boe.ca.gov/pdf/boe400-efa.pdf](http://www.boe.ca.gov/pdf/boe400-efa.pdf).

### How much is the fee?

The annual fee is based on the number of people who were employed for more than 500 hours in California during the previous calendar year.

Employees	Fee Rate		
	2006	2007	2008
0-49	\$ 0	\$ 0	\$ 0
50-74	250	262	270
75-99	441	462	476
100-249	880	922	950
250-499	1,886	1,976	2,037
500-999	3,521	3,689	3,803
1,000 or more	11,952	12,522	12,908

*Note:* The fees are adjusted each year based on the Consumer Price Index, issued by the California Department of Industrial Relations, according to Health and Safety Code section 25205.6.

*Note:* The statements in this publication are general and current as of January 2008. The law and regulations are complex and subject to change. If there is a conflict between this publication and the law or regulations, decisions will be based on the law and regulations.

### For More Information

**Board website and Member contact information:** [www.boe.ca.gov](http://www.boe.ca.gov)

**Information Center: 800-400-7115**

TDD/TTY: 800-735-2929

Representatives are available to help you from 8:00 a.m. to 5:00 p.m., Pacific time; M-F, except state holidays.

#### Environmental Fees Division

Call us at 916-323-9555.

Or write to us at:

Environmental Fees Division MIC:57  
State Board of Equalization  
PO Box 942879  
Sacramento, CA 94279-0057

**Taxpayers' Rights Advocate.** Call toll-free for help with problems you have been unable to resolve through normal channels: 888-324-2798.

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*The annual fee is due on or before the last day of February.*

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