

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 next page).

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 is administered by the [Department of Toxic Substances Control \(DTSC\)](#) and provides revenue for site remediation, technology programs, administration, and implementation of cleanup programs. 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 environmental 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.

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 the BOE and file environmental fee returns. These include:

- General partnerships
- Limited partnerships
- Limited liability partnerships
- Limited liability companies
- Sole proprietorships
- All corporate entity types

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.

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).

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- 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.

Exception: If you close or sell your business or organization during the calendar year, you must notify us at that time 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 publication. Late payments are subject to a penalty of 10 percent, plus interest at an adjusted annual rate, as specified in Revenue and Taxation Code section 43156.

Please note: If your business or organization is required to register, please contact 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.

For More Information

BOE website and Member contact information: www.boe.ca.gov

Taxpayer Information Section:
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.

DTSC website and phone number:
www.dtsc.ca.gov/IDManifest/fees.cfm
916-322-2448

How much is the fee?

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

Employees

Fee Rate

	2007	2008	2009
0-49	\$ 0	\$ 0	\$ 0
50-74	262	270	284
75-99	462	476	500
100-249	922	950	998
250-499	1,976	2,037	2,139
500-999	3,689	3,803	3,994
1,000 or more	12,522	12,908	13,556

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: This publication summarizes the law and applicable regulations in effect when the publication was written, as noted in the headers. However, changes in the law and in regulations may have occurred since that time. If there is a conflict between the text in this publication and the law, decisions will be based on the law and not on this publication.