

STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION

BUSINESS TAX AND FEE DEPARTMENT

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DecemberNovember

01 XX, 2016

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TWO NEW LEAD-ACID BATTERY FEES – BEGINNING APRIL 1, 2017

Dear Battery Manufacturer:

The Lead-Acid Battery Recycling Act of 2016 (Act) became law on September 26, 2016 with the passage of Assembly Bill (AB) 2153. The Act imposes two separate fees on the sale and purchase of lead-acid batteries,¹ and affects manufacturers and retailers (dealers) who sell these batteries. The Board of Equalization (BOE) is responsible for the administration of these new lead-acid battery fees. This notice includes a brief overview of the new fees, fee notification requirements, and requests contact information for your dealers, wholesalers, and distributors of lead-acid batteries.

Overview

Manufacturers

Manufacturers of lead-acid batteries are required to pay a \$1.00 manufacturer battery fee on sales of lead-acid batteries to a dealer, wholesaler, distributor, or other person in California. The manufacturer battery fee becomes inoperative on April 1, 2022.

Manufacturers who are also considered dealers are required to collect an additional \$1.00 California battery fee,²² as discussed below. Manufacturers are considered dealers when they make retail sales of lead-acid batteries. An example of a retail sale made by a manufacturer would be a sale through a sales outlet, catalog, internet website, or any other similar electronic means.

Dealers

¹ A lead-acid battery is a battery weighing over five kilograms, primarily composed of both lead and sulfuric acid (liquid, solid, or gel), with a capacity of six volts or more, used as a starting battery for delivering a high burst of energy to an internal combustion engine until it starts, as a motive power battery to provide the power for propulsion of a vehicle, including watercraft, as stationary storage or standby energy to be used in a system where the battery acts as electrical storage or a source of emergency/backup power, or as a source of auxiliary power to support the electrical systems in a vehicle (defined in Vehicle Codes § 670 and 36000) or an aircraft.

² The California battery fee is not imposed on any battery used as a stationary storage or standby battery that is designed to be used in systems where the battery acts as either electrical storage for electricity generation equipment or a source of emergency power, or otherwise serves as a backup in power from the primary source.

²² The California battery fee is not imposed on any battery used as a stationary storage or standby battery that is designed to be used in systems where the battery acts as either electrical storage for electricity generation equipment or a source of emergency power, or otherwise serves as a backup in power from the primary source.

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Dealers of lead-acid batteries are required to collect a \$1.00 California battery fee from consumers who purchase a replacement lead-acid battery.³ Dealers must also charge a refundable deposit, subject to sales tax, when a consumer does not simultaneously leave a lead-acid battery with the dealer. Dealers will refund or retain the deposit pursuant to Health and Safety Code (HSC) §25215.2. The fee and deposit shall be separately stated on the invoice for all retail sales of lead-acid batteries, except sales for resale. If more than one battery is sold in a single transaction, dealers may condense the fee into a single-line item. Dealers may retain 1.5% of the fee as reimbursement for costs associated with collection of the fee. The \$1.00 California battery fee will increase to \$2.00 on April 1, 2022.

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³A replacement lead-acid battery is a lead-acid battery sold at retail subsequent to the original sale or lease of the equipment or vehicle in which the lead-acid battery is intended to be used. It does not include a spent, discarded, refurbished, reconditioned, rebuilt, or reused lead-acid battery.

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A retail sale of a lead-acid battery does not include:

- a battery for which the California battery fee has previously been paid;
- a battery temporarily stored or used in California, for the sole purpose of preparing the replacement lead-acid battery for use thereafter solely outside the state and subsequently transported outside the state for use thereafter solely outside California;
- a battery for incorporation into new equipment for subsequent resale;
- the replacement of a battery pursuant to a warranty or a vehicle service contract, as defined under Section 12800 of the Insurance Code; or
- a battery intended for use with, or contained within, a medical device as defined in the federal Food, Drug, and Cosmetic Act (21 U.S.C. 321(h)).

For additional information about the Act including to how to register, file and pay the fees, please review the Lead-Acid Battery Fees Guide, available soon online at www.boe.ca.gov.

Notification Requirements

Manufacturers

On or before January 1, 2017, manufacturers of lead-acid batteries sold in California shall notify their distributors, wholesalers, and dealers of the current Act requirements (Article 10.5 commencing with Section 25215 of Chapter 6.5 of Division 20 of the HSC). In addition, manufacturers shall place a recycling symbol and additional information on all replacement lead-acid batteries sold in California by July 1, 2017, as specified in HSC §25215.65.

Dealers

On and after April 1, 2017, dealers of replacement lead-acid batteries shall post a specific written notice regarding the nonrefundable \$1.00 California battery fee and refundable deposit where it is clearly visible in the public sales area or include a statement on the purchaser's receipt. Language for this notification is set forth in HSC §25215.2 (c).

Information Requested from Manufacturers

Please provide us with a list of dealers, wholesalers, and distributors who purchase lead-acid batteries from you for resale to consumers in California so that we may contact them directly. We need to timely inform these sellers of their obligations and responsibilities under this new law. Please provide the name, address, phone number, and email address of these parties by December 15, 2016, to Ms. Carol Bailey at Carol.Bailey@boe.ca.gov or mail your response to the address shown below:

Board of Equalization
Program Administration Branch MIC 31
PO Box 942879
Sacramento, CA 94279-0031

STATE BOARD OF EQUALIZATION

Program Administration Branch

Business Tax and Fee Department

Battery Manufacturer
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