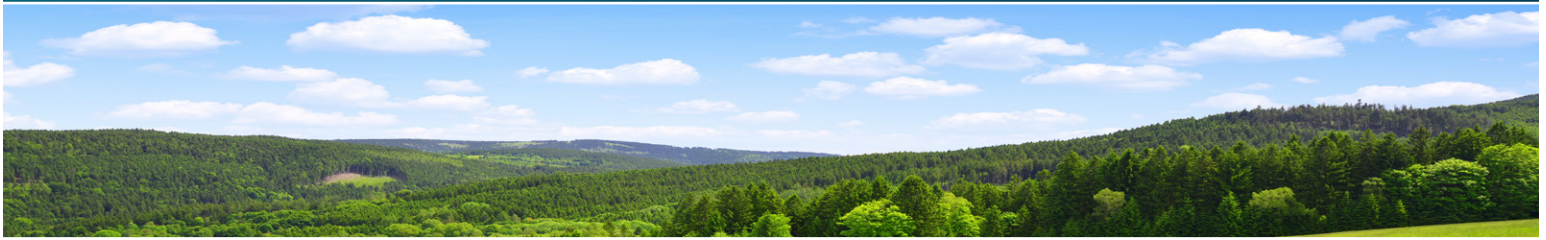




# CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION



## Environmental Fee

### WHAT IS THE ENVIRONMENTAL FEE?

Businesses and 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.

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.

Businesses and other organizations pay the environmental fee to the California Department of Tax and Fee Administration (CDTFA). The fee is then deposited into the state's Toxic Substances Control account.

### HOW DOES THE STATE DETERMINE WHICH INDUSTRY GROUPS ARE SUBJECT TO THE ENVIRONMENTAL FEE?

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, 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 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?

Most businesses/organizations operating in California must register with CDTFA and file environmental fee returns.

These include:

- General partnerships
- Limited partnerships
- Limited liability partnerships
- Limited liability companies
- Sole proprietorships
- All corporate entity types
- Professional Employer Organizations (PEOs)

These businesses and organizations must file returns if:

- They have 100 or more employees, and
- Each is employed more than 500 hours in California during the prior calendar year.

Those with fewer than 100 qualifying employees are not required to register or pay the fee. However, any business or organization that receives an environmental fee reminder from CDTFA to file must file its return by the due date.

### PARENT VERSUS SUBSIDIARY CORPORATIONS/ORGANIZATIONS

Parent corporations and organizations should contact their wholly-owned subsidiaries to find out if they are registered with CDTFA. All parent and subsidiary corporations must separately register and file returns for the hazardous waste environmental fee.

### WHICH BUSINESSES/ORGANIZATIONS ARE NOT SUBJECT TO THE FEE?

As noted above, those with fewer than 100 qualifying employees are not subject to the environmental fee.

The following are also exempt:

- Private households (SIC code 88 and NAICS code 814).
- Nonprofit residential care facilities (SIC code 8361 or NAICS codes 623220, 623312, and 623990).
- 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 agencies and instrumentalities.
- Nonprofit credit unions, as defined in Financial Code section 14002 (NAICS code 521).

If your business or organization is registered for the fee and you believe it qualifies for one of the exemptions listed

here, you must still file your environmental fee return but also include a statement explaining why it qualifies for an exemption.

### HOW DO I REGISTER?

You can apply for an account, license, or permit at [www.cdtfa.ca.gov](http://www.cdtfa.ca.gov); select *Register* to get started. If you have questions or need help, contact our Customer Service Center as noted below.

### WHEN IS THE FEE DUE?

The annual fee is due to CDTFA on or before the last day of February for the previous calendar year. All registered taxpayers should log in to their online services account using their username and password to complete and file their return with CDTFA.



All environmental fee returns are required to be filed online. To file and pay your return, log in at [www.cdtfa.ca.gov](http://www.cdtfa.ca.gov). If you need assistance, please contact our Customer Service Center as noted below.

If you close or sell your business, you are required to notify CDTFA and file your final return online by the last

day of the month following the quarter in which you close or sell your business.

If you file a late return and/or make a late fee payment, you are liable for interest and/or penalty charges. If you pay your fee liability on time but do not file your return on time, you are still liable for a penalty for filing a late return.

To avoid receiving a delinquency notice, you must file a return online, even if you employ fewer than 100 qualifying employees or wish to claim one of the exemptions listed in this publication. Late payments are subject to a penalty of ten percent, plus interest, as specified in [Revenue and Taxation Code section 43155](#).

### HOW MUCH IS THE FEE?

The annual fee is based on the number of employees who were employed by you for more than 500 hours in California during the previous calendar year. The current and prior environmental fee rates can be found on our website at [www.cdtfa.ca.gov](http://www.cdtfa.ca.gov).

### HOW TO DETERMINE THE NUMBER OF QUALIFYING EMPLOYEES FOR APPLICATION OF THE ENVIRONMENTAL FEE

Once a person is hired as an employee, the employer has control over how that employee spends the hours of the workday, including whether or not the employee will be paid

for time off taken during those workday hours for vacation, illness, and holidays, and whether or not the employee must work their assigned hours on a particular workday. Therefore, for the purposes of the environmental fee statute and calculation of the number of employees employed in California for more than 500 hours, the term “employed” includes the hours for which an employee is paid, even when the employee is absent due to vacation, illness, or holidays, for the duration of their employment. If a person terminates employment, any hours included in the calculation of a terminated employee’s severance pay, sick pay, or vacation time is not included when calculating the number of hours a person was employed during a calendar year for purposes of determining the environmental fee owed for that year.

### ARE PROFESSIONAL EMPLOYMENT ORGANIZATIONS (PEO) EMPLOYERS?

Both DTSC and the Employment Development Department (EDD) recognize PEOs as employers. PEOs, such as a temporary employment agency, are responsible for paying the hazardous waste environmental fee for any employees reported under their EDD number.

Payroll agencies must separately apply for third-party access to each of their client’s accounts to report and pay the environmental fee on behalf of their clients. Access may be requested through our online services system.

### FOR MORE INFORMATION

CDTFA website: [www.cdtfa.ca.gov](http://www.cdtfa.ca.gov)

#### Customer Service Center 1-800-400-7115 (CRS:711)

Customer service representatives are available Monday through Friday from 7:30 a.m. to 5:00 p.m. (Pacific time), except state holidays; select the option for *Special Taxes and Fees*.

#### Write to us at:

Special Taxes and Fees, MIC:88  
California Department of  
Tax and Fee Administration  
PO Box 942879  
Sacramento, CA 94279-0088

Email: [www.cdtfa.ca.gov/email](mailto:www.cdtfa.ca.gov/email)

#### Taxpayers’ Rights Advocate

[www.cdtfa.ca.gov/tra](http://www.cdtfa.ca.gov/tra)  
1-888-324-2798



The Taxpayers’ Rights Advocate Office assists taxpayers when they are unable to resolve account issues through normal channels, when they need information regarding the procedures relating to a particular set of circumstances, or when there are possible rights violations.

*Please note:* This publication summarizes the law and applicable regulations in effect when the publication was written. However, changes in the law or 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.

