



This Week in State Tax (TWIST)

September 29, 2025



California: Implementation for new “Covered Battery-Embedded Product Fee” begins; collection starts January 1, 2026

The California Department of Tax and Fee Administration (CDTFA), in conjunction with the Department of Resources Recycling and Recovery (CalRecycle), will be administering a new fee, effective January 1, 2026, on the retail sale of “[covered battery-embedded products](#)” (CBE products). A CBE product is one that contains a battery “not designed to be easily removed from the product by the user of the product with no more than commonly used household tools,” as put forth in [Senate Bill 1215](#).

The fee will be imposed on consumers and collected by retailers at the time of the retail sale or lease of a CBE product. The fee is currently proposed at 1.5 percent, and CalRecycle has until October 1, 2025 to finalize this rate. Beginning July 2028, CalRecycle may evaluate and adjust the rate annually. Products exempt from the fee include certain medical devices, items with screens over four inches, energy storage systems, and electronic nicotine delivery systems.

The law imposes requirements for both retailers and manufacturers of CBE products. Penalties may be imposed for noncompliance by either retailers or manufacturers.

- Retailers (including marketplace facilitators) must collect the fee at the point of sale on each new or refurbished CBE product, clearly itemize the fee as a separate line on the receipt or invoice, and remit the collected fees to the CDTFA on a quarterly basis. Retailers are permitted to retain 3 percent of the fee collected to offset costs associated with collection and reporting. In addition, retailers must provide clear notice to customers regarding the fee and its purpose. Retailers are strictly prohibited from selling CBE products that are sourced from manufacturers who are not in compliance with the law, or from selling products that lack required labeling, such as the manufacturer’s name and battery chemistry information, which must be readily visible on the product or available on the manufacturer’s website.
- Manufacturers must annually identify and report all CBE products offered for sale in California by brand and model number and must notify both customers and CalRecycle of which products are subject to the recycling fee and which are exempt. Manufacturers are required to submit comprehensive annual reports to CalRecycle detailing sales volumes, battery chemistry for each product, the amount of recycled content used, and a list of all retailers to whom notices have been provided. Additionally, manufacturers must make information available to consumers describing where and how to return, recycle, and safely dispose of CBE products, maintain records for a minimum of three years, and provide those records to CalRecycle upon request.

Online registration for the program opens October 1, 2025, and the first quarterly return is due by April 30, 2026.

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Both [CalRecycle](#) and [CDTFA](#) have web pages for the CBE fee. For any questions or concerns regarding this fee, please contact [Jim Kuhl](#).

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