

California Code of Regulations
Title 4. Business Regulations
Division 9. Division of Measurement Standards,
Department of Food and Agriculture (CDFA)

NOTICE OF APPROVAL OF REGULATORY ACTION

State of California
Office of Administrative Law

In re:
Department of Food and Agriculture

Regulatory Action:

Title 04, California Code of Regulations

Amend sections: 4300, 4302, 4304, 4306,
4307, 4308

NOTICE OF APPROVAL OF REGULATORY ACTION

Government Code Section 11349.3

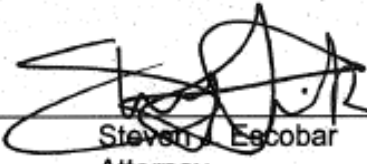
OAL Matter Number: 2017-1115-03S

OAL Matter Type: Regular (S)

The motor oil fee collected by the Department of Food and Agriculture (the "Department") pursuant to Business and Professions Code section 13431 is four cents per gallon, and this amount is currently scheduled to decrease to three cents per gallon effective January 1, 2018. In this regular rulemaking, the Department is increasing this fee to five cents per gallon effective January 1, 2018. Additionally, the Department is amending regulations to allow for more motor oil dealers to file an annual remittance form in lieu of having to file quarterly.

OAL approves this regulatory action pursuant to section 11349.3 of the Government Code. This regulatory action becomes effective on 1/1/2018.

Date: December 28, 2017



Steven Escobar
Attorney

For: Debra M. Cornez
Director

Original: Karen Ross, Secretary
Copy: Samuel Ferris

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COPY OF FORM 400: ENDORSED-APPROVED-FILED

STATE OF CALIFORNIA—OFFICE OF ADMINISTRATIVE LAW NOTICE PUBLICATION/REGULATIONS SUBMISSION		REGULAR (See instructions on reverse)		For use by Secretary of State only	
STD. 400 (REV. 01-2013)					
OAL FILE NUMBERS	NOTICE FILE NUMBER Z-2017-0613-05	REGULATORY ACTION NUMBER 2017-1115-035	EMERGENCY NUMBER		
For use by Office of Administrative Law (OAL) only					
RECEIVED DATE JUN 13 '17		PUBLICATION DATE JUN 23 '17		2017 NOV 15 P 2:32 OFFICE OF ADMINISTRATIVE LAW	
Office of Administrative Law				REGULATIONS	
AGENCY WITH RULEMAKING AUTHORITY Department of Food and Agriculture				AGENCY FILE NUMBER (if any)	
A. PUBLICATION OF NOTICE (Complete for publication in Notice Register)					
1. SUBJECT OF NOTICE Motor Oil Assessment Fee		TITLE(S) 4	FIRST SECTION AFFECTED 4300	2. REQUESTED PUBLICATION DATE	
3. NOTICE TYPE <input checked="" type="checkbox"/> Notice re Proposed Regulatory Action <input type="checkbox"/> Other		4. AGENCY CONTACT PERSON Samuel Ferris		TELEPHONE NUMBER (916) 229-3070	FAX NUMBER (Optional) (916) 229-3026
OAL USE ONLY <input type="checkbox"/> Approved as Submitted <input type="checkbox"/> Approved as Modified <input type="checkbox"/> Disapproved/Withdrawn		NOTICE REGISTER NUMBER 2017-25-2		PUBLICATION DATE 6/23/2017	
B. SUBMISSION OF REGULATIONS (Complete when submitting regulations)					
1a. SUBJECT OF REGULATION(S) Motor Oil Assessment Fee			1b. ALL PREVIOUS RELATED OAL REGULATORY ACTION NUMBER(S)		
2. SPECIFY CALIFORNIA CODE OF REGULATIONS TITLES AND SECTION(S) (Including title 26, if toxics related)					
SECTION(S) AFFECTED (List all section number(s) individually. Attach additional sheet if needed.)		ADOPT			
		AMEND 4300, 4302, 4304, 4306, 4307, 4308			
		REPEAL			
3. TYPE OF FILING					
<input checked="" type="checkbox"/> Regular Rulemaking (Gov. Code § 11346)		<input type="checkbox"/> Certificate of Compliance: The agency officer named below certifies that this agency complied with the provisions of Gov. Code §§ 11346.2-11347.3 either before the emergency regulation was adopted or within the time period required by statute.		<input type="checkbox"/> Emergency Readopt (Gov. Code, § 11346.1(h))	
<input type="checkbox"/> Resubmittal of disapproved or withdrawn nonemergency filing (Gov. Code §§ 11349.3, 11349.4)		<input type="checkbox"/> Resubmittal of disapproved or withdrawn emergency filing (Gov. Code, § 11346.1)		<input type="checkbox"/> File & Print	
<input type="checkbox"/> Emergency (Gov. Code, § 11346.1(b))		<input type="checkbox"/> Other (Specify) _____		<input type="checkbox"/> Changes Without Regulatory Effect (Cal. Code Regs., title 1, § 100)	
<input type="checkbox"/> Effective January 1, April 1, July 1, or October 1 (Gov. Code § 11343.4(a))		<input type="checkbox"/> Effective on filing with Secretary of State		<input type="checkbox"/> § 100 Changes Without Regulatory Effect	
<input type="checkbox"/> Effective January 1, 2018		<input checked="" type="checkbox"/> Effective other (Specify) January 1, 2018			
8. CHECK IF THESE REGULATIONS REQUIRE NOTICE TO, OR REVIEW, CONSULTATION, APPROVAL OR CONCURRENCE BY, ANOTHER AGENCY OR ENTITY					
<input checked="" type="checkbox"/> Department of Finance (Form STD. 399) (SAM 56660)		<input type="checkbox"/> Fair Political Practices Commission		<input type="checkbox"/> State Fire Marshal	
<input type="checkbox"/> Other (Specify) _____					
7. CONTACT PERSON Samuel Ferris		TELEPHONE NUMBER (916) 229-3070	FAX NUMBER (Optional) (916) 229-3026	E-MAIL ADDRESS (Optional) Sam.Ferris@cdfa.ca.gov	
8. I certify that the attached copy of the regulation(s) is a true and correct copy of the regulation(s) identified on this form, that the information specified on this form is true and correct, and that I am the head of the agency taking this action, or a designee of the head of the agency, and am authorized to make this certification.				For use by Office of Administrative Law (OAL) only	
SIGNATURE OF AGENCY HEAD OR DESIGNEE <i>Kevin Masuhara</i>				DATE 6/1/17	
TYPED NAME AND TITLE OF SIGNATORY KEVIN MASUHARA, ACTING UNDERSECRETARY				ENDORSED APPROVED DEC 28 2017 Office of Administrative Law	

Chapter 8. Motor Oil Fee §§ 4300-4309

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§ 4300. Definition of “Motor Oil” and Other Terms for Purposes of Fee Responsibility (AMENDED).

[Link to OAL.ca.gov](http://OAL.ca.gov)

For purposes of fee responsibility under Sections 13430 and 13431 of the Business and Professions Code the following definitions apply:

(a) “Motor oil” includes natural, synthetic and re-refined motor oils, whether or not in retail containers, and in addition, any product used as an additive to a motor oil used in the lubrication of internal combustion engines. Refinery base stocks, manufacturing additives used by motor oil dealers in the commercial compounding and production of motor oils, and other motor oil components are not motor oils for the purposes of fee responsibility unless they are used separately in the lubrication of internal combustion engines, in which case they are “motor oils” for the purpose of the fee responsibility.

(b) For purposes of this Chapter, the term “additive” when used alone, means any product to be added to the motor oil in the crankcase of an internal combustion engine for the purpose of reducing friction, heat or wear of the internal moving parts.

(c) “Internal combustion engine” means all engines producing power by internal combustion and includes 2-cycle and 4-cycle internal combustion engines and turbine engines. Internal combustion engines include engines powered by gasoline, ethanol, methanol, alcohol blended fuels, diesel, biodiesel, biodiesel blends, kerosene, hydrogen, compressed natural gas, liquefied petroleum gas, propane, or butane.

(d) “Motor oil dealer” means any person, firm or corporation engaged in the business of producing, importing, packaging or otherwise preparing motor oil for market or selling or distributing motor oil.

(e) “Motor oil dealer permit number” means the registration number provided by the Department to each motor oil dealer.

(f) “Date of sale” is the date of transfer of the motor oil to the purchaser, as evidenced by an invoice, voucher or bill of lading.

(g) “Quarter” means a three-month period during a fiscal year. For each fiscal year, the first quarter commences July 1 and ends September 30, the second quarter commences October 1 and ends December 31, the third quarter commences January 1 and ends March 31, and the fourth quarter commences April 1 and ends June 30, all inclusive.

(h) “Export” or “Exported” means the delivery or shipment of motor oil by the dealer from a point in California to a point outside of California when, pursuant to the contract of sale, the motor oil is delivered by the motor oil dealer to:

- (1) The out of state point by facilities operated by the dealer; or
- (2) A carrier, customs broker or forwarding agent for shipment to a location outside of California.
- (3) A forwarding agent, export packer, customs broker or other person engaged in the business of preparing property for export, or arranging for its export to a location outside of California, or
- (4) A vessel clearing from a port in California for a port outside of California. However, motor oil consumed during a voyage clearing a California port is not exempt.

The motor oil is not exported if it is diverted in transit, for any reason, and is not actually delivered outside of California; regardless of documentary evidence held by the dealer for delivery of that motor oil for out-of-state shipment.

Note: Authority cited: Sections 12027 and 13433, Business and Professions Code. Reference: Sections 13430 and 13431, Business and Professions Code.

HISTORY

1. New definition of “export” filed 8-30-2001; operative 9-29-2001 (Register 2001, No. 35).
2. Amendment of section and Note filed 11-27-2012; operative 12-27-2012 (Register 2012, No. 48).
3. Amendment of subsections (a), (b) and (g) and amendment of Note filed 12-28-2017; operative 1-1-2018 pursuant to Government Code section 11343.4(b)(3) (Register 2017, No. 52).

This database is current through 12/29/17 Register 2017, No. 52

4 CCR § 4300, 4 CA ADC § 4300

§ 4302. Fee Responsibility and Exemption. (AMENDED)

[Link to OAL.ca.gov](http://OAL.ca.gov)

- (a) The first motor oil dealer that produces, sells or distributes motor oil in California, whether or not packaged in retail containers, shall pay the fee for all such motor oil sold in California.
- (b) Motor oil exported for sale outside California is exempt from the motor oil fee.
- (c) A person assigned a motor oil dealer permit number and not actively engaged in the business of producing, distributing, or selling motor oil is required to notify the Department in writing within the next reporting period upon ceasing operations dealing with motor oil.

Note: Authority cited: Sections 12027 and 13433, Business and Professions Code. Reference: Sections 13430 and 13431, Business and Professions Code.

HISTORY

1. Amendment filed 7-22-82; effective thirtieth day thereafter (Register 82, No. 30).
2. Editorial correction filed 8-26-82 (Register 82, No. 35).
3. Amendment of subsection (b) and new subsection (c) filed 11-27-2012; operative 12-27-2012 (Register 2012, No. 48).
4. Amendment of Note filed 12-28-2017; operative 1-1-2018 pursuant to Government Code section 11343.4(b)(3) (Register 2017, No. 52).

This database is current through 12/29/17 Register 2017, No. 52

§ 4304. Fees and Remittance Forms. (AMENDED)

[Link to OAL.ca.gov](http://OAL.ca.gov)

- (a) The motor oil fee provided for in Section 13431 of the Business and Professions Code is established at five cents (\$0.05) per gallon effective January 1, 2018.
- (b) Each person responsible for the payment of the motor oil fee shall file a remittance form with the Department no later than 30 days after each quarter ending September 30, December 31, March 31 and June 30. The “Motor Oil Fee Remittance Form” (Form 41-054, Rev. 1/1/18), hereby incorporated by reference, shall be completed and accompanied with payment of the motor oil fee due for the reporting

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period. All motor oil dealers must prepare and submit to the Department the remittance form in accordance with the general requirements for reporting contained in this Chapter.

(1) A remittance form for each quarter shall include:

(A) The amount, in gallons of motor oil purchased, sold, manufactured in California, or imported into California.

(B) The total amount of gallons of motor oil with fees paid to suppliers.

(C) The net amount of motor oil gallons to which the fee is applied. This is calculated by the gallons reported in subparagraph (A) of this paragraph minus the gallons reported in subparagraph (B) of this paragraph.

(D) The signature and title of the representative of the entity authorized to prepare the return.

(E) The date the remittance form was signed.

(2) Remittance forms and applicable supporting data shall be accurate and complete; and shall be computer generated, typed or legibly handwritten in English.

(c) Any remittance form and accompanying motor oil fee received by the Department that is postmarked more than 35 days after the end of the reporting period as described in subdivisions (b) and (f) of this section, is considered delinquent. Delinquent payments are subject to a late penalty fee under the provisions of Section 4306 of this Chapter.

(d) A motor oil dealer may not take a credit on the Motor Oil Fee Remittance Form for motor oil that is used for an exempt purpose pursuant to Business and Professions Code, Section 13431, during any quarter. Motor oil fees paid on motor oil later used for an exempt purpose may be refunded upon request of the motor oil dealer under the provisions of Section 4307 of this Chapter.

(e) The Department will reject any remittance form that is incomplete, not accompanied by the full fee due, or fails to comply with the reporting requirements of this Chapter. All payments to the Department must be made by check, draft, money order or cashier's check payable to the Cashier, California Department of Food and Agriculture.

(f) Notwithstanding subdivision (b) of this section, any motor oil dealer with an annual volume of sales or purchases of motor oil less than or equal to 30,000 gallons may apply in writing to the Department for authorization to file an annual remittance form in lieu of a quarterly remittance form. The annual reporting period shall be established beginning July 1 through June 30 after the written request is accepted by the Department. The annual remittance form and accompanying motor oil fee shall be filed with the Department no later than 30 days after the end of the annual reporting period.

Note: Authority cited: Sections 12027 and 13433, Business and Professions Code. Reference: Sections 13431, 13432 and 13433, Business and Professions Code.

HISTORY

1. Editorial correction of subsection (c) filed 8-26-82 (Register 82, No. 35).
2. Amendment of subsections (a) and (b) filed 5-1-96; operative 5-31-96 (Register 96, No. 18).
3. Amendment filed 8-30-2001; operative 9-29-2001 (Register 2001, No. 35).
4. Amendment of section and Note filed 11-27-2012; operative 12-27-2012 (Register 2012, No. 48).
5. Amendment of section heading and section and repealer and new Form 41-054 (incorporated by reference) filed 12-28-2017; operative 1-1-2018 pursuant to Government Code section 11343.4(b)(3) (Register 2017, No. 52).

This database is current through 12/29/17 Register 2017, No. 52

§ 4305. Authority to Determine Compliance.

[\(\[Link to OAL.ca.gov\]\(http://oal.ca.gov\)\)](http://oal.ca.gov)

Nothing in this Chapter limits the authority of the Department to audit, examine, review, inspect, or otherwise determine the compliance or noncompliance of any motor oil dealer.

Note: Authority cited: Sections 12027 and 13433, Business and Professions Code. Reference: Sections 13431, 13432 and 13433, Business and Professions Code.

HISTORY

1. New section filed 11-27-2012; operative 12-27-2012 (Register 2012, No. 48).

This database is current through 12/29/17 Register 2017, No. 52

§ 4306. Penalties. (AMENDED)

[\(\[Link to OAL.ca.gov\]\(http://oal.ca.gov\)\)](http://oal.ca.gov)

For any delinquency with filing a remittance form, or any deficiency in payment, the Department shall add to such delinquent payment a penalty of ten percent of the amount due.

Note: Authority cited: Sections 12027 and 13433, Business and Professions Code. Reference: Sections 13431 and 13433, Business and Professions Code.

HISTORY

1. Amendment filed 11-27-2012; operative 12-27-2012 (Register 2012, No. 48).

2. Amendment filed 12-28-2017; operative 1-1-2018 pursuant to Government Code section 11343.4(b)(3) (Register 2017, No. 52).

This database is current through 12/29/17 Register 2017, No. 52

§ 4307. Refund of Fees Paid. (AMENDED)

[\(\[Link to OAL.ca.gov\]\(http://oal.ca.gov\)\)](http://oal.ca.gov)

All requests for refund of payments made pursuant to Section 4304 of this Chapter shall be submitted to the Department within three years from the date the Department received the remittance form with the payment of the motor oil fee. Requests for refund shall contain the following information:

- (a) A letter requesting the refund, signed by the owner or an authorized person within the company;
- (b) A ledger sheet tabulating purchases and exports for which the refund is being requested;
- (c) Copies of invoices, vouchers, delivery receipts, etc., documenting that the Motor Oil Fee was paid; and,
- (d) Copies of invoices, vouchers, bills of lading, shipping documents, etc., documenting that the motor oil was exported from California.

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Any person, who has reported and paid the motor oil fee on motor oil, which is later transported out of California, may request a refund.

Requests for refunds submitted later than three years from the date the Department received the remittance form with payment of the motor oil fee, or not supported by the required documentation, will be returned unprocessed to the sender.

Note: Authority cited: Sections 12027 and 13433, Business and Professions Code. Reference: Sections 13431, 13432 and 13433, Business and Professions Code.

HISTORY

1. New section filed 8-30-2001; operative 9-29-2001 (Register 2001, No. 35).
2. Amendment of section and Note filed 11-27-2012; operative 12-27-2012 (Register 2012, No. 48).
3. Amendment of first and last paragraphs filed 12-28-2017; operative 1-1-2018 pursuant to Government Code section 11343.4(b)(3) (Register 2017, No. 52).

This database is current through 12/29/17 Register 2017, No. 52

§ 4308. Records. (AMENDED)

[Link to OAL.ca.gov](http://oal.ca.gov)

Each person required to file a remittance form pursuant to Section 13431, Business and Professions Code, shall maintain in California or, with the Department's permission at another location, an accurate record of all transactions subject to motor oil fee assessment. Such records shall be subject to audit by the Department. The Department may require records kept outside of California to be copied and sent to California for audit. Alternatively, if the motor oil dealer elects to have all audits conducted out-of-state, the costs for the out-of-state audits will be reimbursed to the Department by the motor oil dealer under audit.

Any records which are required to be maintained pursuant to this Chapter or the Business and Professions Code must be kept in accordance with the following provisions:

- (a) Motor oil dealers must maintain records for a minimum of four years.
- (b) All records maintained pursuant to this Chapter must include the books of account that are ordinarily maintained by the average prudent businessperson.
- (c) Records shall include sales invoices, purchase invoices, paid receipts, bills of lading, vouchers, shipping documents or other documents of original entry. An Automatic Data Processing (ADP) system must have built into its program a method of producing visible and legible records that will provide the necessary information to determine compliance with the requirements of this Chapter.

Note: Authority cited: Sections 12027 and 13433, Business and Professions Code. Reference: Sections 13431 and 13433, Business and Professions Code.

HISTORY

1. Amendment filed 7-22-82; effective thirtieth day thereafter (Register 82, No. 30).
2. Amendment filed 11-27-2012; operative 12-27-2012 (Register 2012, No. 48).
3. Amendment of first paragraph and subsection (c) and repealer of subsection (d) filed 12-28-2017; operative 1-1-2018 pursuant to Government Code section 11343.4(b)(3) (Register 2017, No. 52).

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§ 4309. Motor Oil Fee Reimbursement.

[\(Link to OAL.ca.gov\)](http://oal.ca.gov)

Nothing in this Chapter prohibits the motor oil dealer who has reported and paid the motor oil fee to the Department from obtaining reimbursement from their customers. When seeking reimbursement, the motor oil dealer must demonstrate on the invoice that the motor oil fee is collected by one of the following methods:

- (1) The motor oil fee may be stated separately on the invoice; or
- (2) The motor oil fee may be included in the selling price provided the invoice clearly states that the fee is included in the invoiced amount.

Note: Authority cited: Sections 12027 and 13433, Business and Professions Code. Reference: Sections 13431 and 13433, Business and Professions Code.

HISTORY

1. New section filed 11-27-2012; operative 12-27-2012 (Register 2012, No. 48).

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