



RE: Change in California Law Impacting Lead Acid Battery Distributors and Sellers

Dear Valued Customer:

On September 26, 2016, California Governor Jerry Brown signed into law AB 2153, the Lead Acid Battery Recycling Act of 2016. The new law requires that we provide you with certain information in this letter. A copy of the Act is attached.

This Act establishes a dedicated funding source for the clean-up of sites associated with the operations of lead acid battery recycling facilities. The Act imposes two new taxes to fund those activities, and also imposes additional retail deposit requirements on persons who sell lead acid batteries to end-users (the law terms these entities "dealers," which would encompass traditional retailers, B2B sellers, automotive dealerships, and others). These changes will require manufacturers, distributors, and dealers to make changes to business practices over the coming months.

Significant changes include:

É Starting on January 1, 2017:

1. "Dealers" must accept at no cost up to six used lead acid batteries per person, per day, with or without purchase of a new battery.

É Starting on April 1, 2017:

1. "Dealers" must charge a deposit on new replacement lead acid batteries. The deposit must be refunded upon presentation of a used battery either (a) at the time of purchase, or (b) within 45 days of purchase. The "dealer" may retain the deposit if a used battery is not presented within 45 days of purchase.
2. "Dealers" must collect a \$1 fee per battery from end-user purchasers (e.g., consumers or business users). The "dealer" subsequently remits collected fees to the State, less 1.5% to cover administrative costs. The fee increases to \$2 as of April 1, 2022.
3. Dealers must post a sign in retail stores, or add language to receipts, disclosing the \$1 fee and the deposit. The law mandates specific language.

4. A separate \$1 fee per battery is imposed on the manufacturer of the battery (or the person who imports the battery into California; if not the manufacturer), and subsequently remitted to the State. The manufacturer fee terminates as of April 1, 2022.

***A distributor or retailer who imports a lead acid battery into California from overseas or another state will be considered the “manufacturer” of that battery for purposes of this fee.**

The new law applies to replacement lead acid batteries that weigh greater than 5 kilograms (11.02 lbs.) with a capacity of six volts or more and which are intended for use in the following applications: starting, lighting and ignition; motive power; stationary storage or standby power; and auxiliary vehicle power. However, the law exempts sales of batteries intended for use in medical devices, for incorporation into new equipment intended for resale, for warranty replacements, and certain other sales. Please refer to the law's language for the full details of the batteries and sales covered. See §§ 25215.1(e), 25215.1(o), 25215.2(a) and (b), and 25215.25(a)(1).

Our company is working with the lead acid battery industry's trade association, Battery Council International (BCI), and the California Board of Equalization (BOE) to develop guidance and answer questions as the new law takes effect. If you have any questions or comments, please feel free to address them to us and we will work with BCI, BOE, and other California entities to make this transition as smooth as possible.

Best regards,

Power-Sonic Management

[Click here to link to Assembly Bill No. 2153](#)