

# Who pays Commercial Feed Inspection Tonnage Tax?



The **last licensee** selling or distributing bulk commercial feed to a consumer - buyer in California or the licensee whose name appears on the label of packaged feed is required to pay the inspection tonnage tax if the feed is not otherwise exempt.

Topics	Type and/or destination of feed	Report tonnage?
Exemptions	Whole grain that is NOT processed or mixed in any way; grain is not rolled, ground, etc.	✗
	Whole hay (baled) or silage that is NOT mixed or processed in any way; hay is not cubed, chopped, etc.	✗
	Feed/feed ingredients intended for (and specifically labeled as) domestic pet food for species that are not intended for human consumption or economic gain such as dogs, cats, or exotic birds.	✗
	Feed/feed ingredients distributed to a different state or country (not in CA).	✗
	Feed/feed ingredients donated or given away at no cost.	✗
	Products diverted to other uses besides feed; compost, fertilizer, bedding, etc.	✗
	Feed/feed ingredients that are distributed to another licensed facility for further manufacturing (feed is NOT sold to the consumer-buyer or retail).	✗

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Retail Feed Stores	Retail sales of unopened packaged feed that has the name of a licensed manufacturer on the label who pays the tonnage tax.	✗
	If the retail business' name is on the label, they are the last licensee and must pay inspection tonnage tax.	✓
Feed Ingredient Manufacturers	Feed ingredient is distributed directly to consumer/buyer or end-user.	✓
	Feed ingredient is distributed to a licensed facility for further manufacturing.	✗
	Feed ingredient is purchased by a broker who pays the inspection tonnage tax before distribution to the end-user.	✗
Brokers	Broker/reseller purchases and resells feed and/or feed ingredients, even if they have no facility or physical handling and storage of feed. Broker pays the tonnage tax.	✓
	Broker acts as a marketer only (true broker/agent) and never purchases/sells or takes ownership of product. Inspection tonnage tax is paid by manufacturer.	✗
Transportation	Firm is transloading feed or feed ingredients (i.e., unloading railcars and loading trucks) but does not purchase/sell or take ownership..	✗
	Hauling company transports and delivers feed and/or feed ingredients but does not purchase/sell or take ownership.	✗

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Feed Manufacturers	Feed is packaged, labeled with the company name, and distributed to retail locations. Retailers are exempt from tonnage tax.	✓
	Packaged feed is toll-manufactured for another company, and the other company's name is placed on the label and they pay the inspection tonnage tax.	✗
	Bulk feed is distributed directly to consumer-buyer.	✓
	Bulk feed is distributed to another licensee for further manufacturing (or packaging under another label name).	✗
	Feed and feed ingredients (except whole grains and whole hays) are purchased by a licensed feed manufacturer, further manufactured, and fed to animals which they own. In this case, the licensee is also the consumer buyer and is responsible for reporting all non-exempt tonnage fed to their own animals.	✓
	Whole grains and/or whole hays (unprocessed and unmixed) are purchased by a licensed feed manufacturer that is also the consumer buyer, further manufactured, and fed to their own animals.	✗
	Feed and feed ingredients (except whole grains and whole hays) are purchased by a feedlot, further manufactured, and fed to animals they own.	✓

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Feed Manufacturers, con't	Feed and feed ingredients are purchased by a feedlot that is custom feeding cattle and charging for the total mixed ration that is fed (must pay tonnage tax on the entire mixed ration that is fed).	✓
	Whole grains and/or whole hays (unprocessed and unmixed) are purchased by a feedlot, further manufactured, and fed to animals they own.	✗
Human Food Processing Facilities, Retail, Restaurants	By-product, food waste, or cull product is generated at the facility and distributed directly to the consumer-buyer.	✓
	By-product, food waste, or cull product is distributed to a licensed facility for further manufacturing prior to distribution to the consumer-buyer.	✗
	By-product is purchased by a broker who pays the inspection tonnage tax before distribution to the consumer-buyer.	✗

*For more information regarding reporting of by-products diverted to feed, view [How to Report Tonnage of By-products Diverted to Animal Feed](#).*