

SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION

S.F. No. 4439

(SENATE AUTHORS: JOHNSON STEWART)

DATE
03/12/2026

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6674 Introduction and first reading
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to taxation; proposing a plastic bottle excise tax; proposing coding for
1.3 new law in Minnesota Statutes, chapter 297H.

1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. 297H.50 PLASTIC BOTTLES EXCISE TAX.

1.6 Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have
1.7 the meanings given.

1.8 (b) "Beverage" means a drinkable liquid intended for human oral consumption, excluding:

1.9 (1) a drug regulated under the federal Food, Drug, and Cosmetic Act, United States
1.10 Code, title 21, section 301 et seq.; or

1.11 (2) infant formula.

1.12 (c) "Bottle distributor" means:

1.13 (1) a person who sells a taxable plastic bottle to a retailer in Minnesota; or

1.14 (2) a beverage producer who engaged in retail sales.

1.15 (d) "Commissioner" means the commissioner of revenue.

1.16 (e) "Taxable plastic bottle" means a formed or molded container composed primarily
1.17 of plastic resin that:

1.18 (1) is sealed;

1.19 (2) contains a beverage; and

1.20 (3) holds less than three liters when full.

2.1 Subd. 2. **Tax imposed.** An excise tax is imposed on bottle distributors. The tax is imposed
 2.2 on the first distributor who sells a taxable bottle to a retailer in Minnesota, except, in the
 2.3 case of a beverage producer who engaged in retail sales, the tax is imposed on the beverage
 2.4 producer. The tax is payable quarterly and in the form and manner prescribed by the
 2.5 commissioner.

2.6 Subd. 3. **Rate of tax.** The excise tax is imposed at a rate of ten cents per taxable plastic
 2.7 bottle sold.

2.8 Subd. 4. **Use of proceeds.** The commissioner must deposit proceeds from the tax in the
 2.9 water infrastructure account established in section 297H.51.

2.10 Subd. 5. **Expiration.** This section expires after December 31, 2030.

2.11 **EFFECTIVE DATE.** This section is effective for sales on or after January 1, 2026.

2.12 Sec. 2. **[297H.51] BOTTLE TAX REVENUE DISTRIBUTIONS FOR WATER**
 2.13 **INFRASTRUCTURE.**

2.14 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have
 2.15 the meanings given.

2.16 (b) "Adjusted net tax capacity" means the local government's adjusted net tax capacity
 2.17 under section 273.1325.

2.18 (c) "Local government" means a county, statutory or home rule charter city, or township,
 2.19 located in Minnesota.

2.20 (d) "Population" means the population estimated by the federal census, a special census
 2.21 conducted under contract with the United States Bureau of the Census, or a population
 2.22 estimate of the state demographer made pursuant to section 4A.02, whichever is most recent.

2.23 (e) "Tax base per capita" means a local government's adjusted net tax capacity divided
 2.24 by the local government's population.

2.25 Subd. 2. **Account established.** The water infrastructure account is established in the
 2.26 special revenue fund. Money in the account must be distributed in accordance with this
 2.27 section.

2.28 Subd. 3. **Project prioritization.** Money from the water infrastructure account established
 2.29 under this section must be used to provide funding for eligible projects described in this
 2.30 subdivision. Funding must include paying for all or a portion of costs required to predesign,
 2.31 design, engineer, construct, equip, or furnish an eligible project. In determining which
 2.32 eligible projects receive funding, eligible projects in the jurisdictions of local governments

3.1 with low tax base per capita must be prioritized. Eligible projects include capital projects
3.2 related to:

3.3 (1) sanitary sewer infrastructure;

3.4 (2) water treatment facilities;

3.5 (3) wastewater facilities;

3.6 (4) the removal of perfluoroalkyl and polyfluoroalkyl substances, nitrates, or other
3.7 contaminants from drinking water;

3.8 (5) the construction of water towers;

3.9 (6) drinking water system infrastructure;

3.10 (7) improvements to and replacements of a water distribution system; and

3.11 (8) storm sewer system infrastructure.

3.12 Subd. 4. **Unspent money.** Any money collected in the prior calendar year and deposited
3.13 in the water infrastructure account that is not otherwise appropriated or transferred before
3.14 July 1 of each year is appropriated to the Pollution Control Agency. The agency must use
3.15 this money for grants to local governments for projects described in subdivision 3.

3.16 Subd. 5. **Expiration.** This section expires after money in the water infrastructure account
3.17 collected prior to January 1, 2031, has been distributed.

3.18 **EFFECTIVE DATE.** This section is effective beginning January 1, 2026.