

SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION

S.F. No. 5081

(SENATE AUTHORS: HEMMINGSEN-JAEGER)

DATE
04/13/2026

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7996 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 to fund water infrastructure
1.3 projects; establishing an account; appropriating money; proposing coding for new
1.4 law in Minnesota Statutes, chapter 297H.

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

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

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

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

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

1.12 (2) infant formula.

1.13 (c) "Bottle distributor" means the first person who sells a taxable plastic bottle to a
1.14 retailer in Minnesota.

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 for each taxable
 2.2 bottle sold to a retailer in Minnesota. The tax is payable quarterly and in the form and manner
 2.3 prescribed by the commissioner.

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

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

2.8 Subd. 5. **Expiration.** This section expires December 31, 2031.

2.9 **EFFECTIVE DATE.** This section is effective January 1, 2027.

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

2.12 Subdivision 1. **Definition.** For purposes of this section, "board" means the board of the
 2.13 Public Facilities Authority.

2.14 Subd. 2. **Account established.** The water infrastructure account is established in the
 2.15 special revenue fund in the state treasury. The account consists of money deposited under
 2.16 section 297H.50, money provided by law, and other money donated, allotted, transferred,
 2.17 or otherwise provided to the account. Earnings, including interest, dividends, and other
 2.18 earnings arising from assets of the account, must be credited to the account. The board must
 2.19 manage the account.

2.20 Subd. 3. **Appropriation.** Money in the account is appropriated to the board for the
 2.21 purposes of subdivision 4.

2.22 Subd. 4. **Eligible expenditures.** Money in the water infrastructure account must be used
 2.23 by the board only to fund Public Facilities Authority projects eligible under sections
 2.24 446A.072, 446A.073, 446A.077, 446A.082, and other water infrastructure projects approved
 2.25 by the board.

2.26 Subd. 5. **Expiration.** This section expires after all revenues in the water infrastructure
 2.27 account as of January 1, 2032, have been distributed in grants awarded under this section.

2.28 **EFFECTIVE DATE.** This section is effective January 1, 2027.