CHAPTER 297H

SOLID WASTE MANAGEMENT TAXES

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297H.01 SOLID WASTE MANAGEMENT TAX DEFINITIONS.

Subdivision 1. **Scope.** When used in this chapter, the following terms have the meanings given to them in this section. For terms not defined in this section, the definitions contained in chapter 115A are incorporated into this chapter.

Subd. 2. **Commercial generator.** "Commercial generator" means any of the following:

(1) an owner or operator of a business, including a home-operated business, industry, church, nursing home, nonprofit organization, school, or any other commercial or institutional enterprise that generates mixed municipal solid waste or nonmixed municipal solid waste; or

(2) any other generator of taxable waste that is not a residential generator defined in subdivision 8. A commercial generator does not include a self-hauler.

Subd. 3. **Cubic yard.** "Cubic yard" means a cubic yard of nonmixed municipal solid waste that is not compacted.

Subd. 4. **Market price.** "Market price" means the lowest price available in the area, assuming transactions between separate parties that are willing buyers and willing sellers in a market.

Subd. 5. **Mixed municipal solid waste.** "Mixed municipal solid waste" means mixed municipal solid waste as defined in section 115A.03, subdivision 21.

Subd. 6. **Nonmixed municipal solid waste.** "Nonmixed municipal solid waste" means:

(1) infectious waste as defined in section 116.76, subdivision 12;

(2) pathological waste as defined in section 116.76, subdivision 14;

(3) industrial waste as defined in section 115A.03, subdivision 13a; and

(4) construction debris as defined in section 115A.03, subdivision 7.

Subd. 7. **Periodic waste collection.** "Periodic waste collection" means each time a waste container is emptied by the person that collects the nonmixed municipal solid waste at the point that the waste has been aggregated for collection by the generator.

Subd. 8. **Residential generator.** "Residential generator" means any of the following:

(1) a detached single family residence that generates mixed municipal solid waste or nonmixed municipal solid waste;

(2) a person residing in a building or site containing multiple residences that generates mixed municipal solid waste, including apartment buildings, common interest communities, or manufactured home parks, where each residence is separately billed by the waste service provider;

(3) an owner of a building or site containing multiple residences or an association representing residences that generate mixed municipal solid waste or nonmixed municipal solid waste, including apartment buildings, condominiums, manufactured home parks, or townhomes where no residence is separately billed for such service by the waste management service provider and the owner or association is billed directly for the waste management services. A residential generator does not include a self-hauler.

Subd. 9. **Sales price.** "Sales price" means total consideration valued in money for waste management services, excluding separately stated charges for exemptions listed under section 297H.06.

Subd. 10. **Self-hauler.** "Self-hauler" means a person who transports mixed municipal solid waste or nonmixed municipal solid waste generated by that person or another person without compensation.

Subd. 11. **Waste management service provider.** "Waste management service provider" means the person who directly bills the generator or self-hauler for waste management services, and includes, but is not limited to, waste haulers, waste management facilities, utility services, and political subdivisions, to the extent they directly bill for waste management services.

Subd. 12. **Waste management services.** "Waste management services" means waste collection, transportation, processing, and disposal.

History: *1997 c 231 art 13 s 6; 1999 c 11 art 3 s 9*

297H.02 RESIDENTIAL GENERATORS.

Subdivision 1. **Imposition.** (a) A tax is imposed upon the sales price of mixed municipal solid waste management services received by a residential generator.

(b) The tax is imposed upon the difference between the market price and the tip fee at a processing or disposal facility where the tip fee is less than the market price and the political subdivision subsidizes the cost of service at the facility. The political subdivision is liable for the tax.

(c) The tax is imposed upon the market price of waste management services where a political subdivision directly bills on a property tax statement for organized collection of mixed municipal solid waste. The political subdivision is liable for the tax.

(d) The political subdivision shall, by resolution, identify the market price. The political subdivision shall submit the market price to the commissioner of the Pollution Control Agency for review by October 1 of the year prior to the calendar year in which the market price will be in effect. The prices that the state pays for waste management services in that jurisdiction or the county where the jurisdiction is located must be a guideline in determining the market price. The commissioner of the Pollution Control Agency shall review the market price and shall inform the political subdivisions of any necessary changes to market price by November 15 of that year. The market price shall be effective as of January 1 of the next calendar year following review. The commissioner of the Pollution Control Agency may consider adjustment to the market price if a political subdivision submits a resolution for adjustment by May 1 of any year. The effective date of the adjustment shall be July 1.

If the commissioner of revenue believes a market price declared by resolution is not accurate, the commissioner may request that the Pollution Control Agency advise the political subdivision to identify by resolution an updated market price and submit the updated market price to the Pollution Control Agency for review.

Subd. 2. **Rates.** The rate of tax under this section is 9.75 percent.

Subd. 3. **Sales price of bags, stickers, or other indicia.** When the sales price of a bag, sticker, or other indicia includes mixed municipal solid waste management services for residential generators, the tax on the bag, sticker, and other indicia sold by vendors on behalf of a political subdivision or waste hauler shall be collected when the bag, sticker, or other indicia are sold to the vendor by the political subdivision or waste hauler, and shall be taxed at the rate imposed under subdivision 2. The solid waste management service and the solid waste management tax shall be included in the sales price of the bag, sticker, or other indicia.

History: *1997 c 231 art 13 s 7; 1Sp2005 c 1 art 2 s 161*

297H.03 MIXED MUNICIPAL SOLID WASTE COMMERCIAL GENERATORS.

Subdivision 1. **Imposition.** (a) A tax is imposed upon the sales price of mixed municipal solid waste management services received by a commercial generator.

(b) The tax is imposed upon the difference between the market price and the tip fee at a processing or disposal facility where the tip fee is less than the market price and the political subdivision subsidizes the cost of service at the facility. The political subdivision is liable for the tax.

(c) The tax is imposed upon the market price of waste management services where a political subdivision directly bills on a property tax statement for organized collection of mixed municipal solid waste. The political subdivision is liable for the tax.

(d) Section 297H.02, subdivision 1, paragraph (d), applies to paragraphs (b) and (c) of this subdivision.

Subd. 2. **Rate.** The rate of the tax under this section is 17 percent.

Subd. 3. **Sales price of bags, stickers, or other indicia.** When the sales price of a bag, sticker, or other indicia includes mixed municipal solid waste management services for commercial generators, the tax on the bag, sticker, and other indicia sold by vendors on behalf of a political subdivision or waste hauler shall be collected when the bag, sticker, or other indicia are sold to the vendor by the political subdivision or waste hauler, and shall be taxed at the rate imposed under subdivision 2. The solid waste management service and the solid waste management tax shall be included in the sales price of the bag, sticker, or other indicia.

History: *1997 c 231 art 13 s 8*

297H.04 NONMIXED MUNICIPAL SOLID WASTE.

Subdivision 1. **Imposition.** A tax is imposed upon the volume of nonmixed municipal solid waste that is managed.

Subd. 2. **Rate.** (a) Commercial generators that generate nonmixed municipal solid waste shall pay a solid waste management tax of 60 cents per noncompacted cubic yard of periodic waste collection capacity purchased by the generator, based on the size of the container for the nonmixed municipal solid waste, the actual volume, or the weight-to-volume conversion schedule in paragraph (c). However, the tax must be calculated by the waste management service provider using the same method for calculating the waste management service fee so that both are calculated according to container capacity, actual volume, or weight.

(b) Notwithstanding section 297H.02, a residential generator that generates nonmixed municipal solid waste shall pay a solid waste management tax in the same manner as provided in paragraph (a).

(c) The tax for:

(1) construction debris as defined in section 115A.03, subdivision 7, is equal to 60 cents per cubic yard. The commissioner of revenue, after consultation with the commissioner of the Pollution Control Agency, shall determine and publish by notice a weight-to-volume conversion schedule for construction debris;

(2) industrial waste as defined in section 115A.03, subdivision 13a, is equal to 60 cents per cubic yard. The commissioner of revenue after consultation with the commissioner of the Pollution Control Agency, shall determine and publish by notice a weight-to-volume conversion schedule for various industrial wastes; and

(3) infectious waste as defined in section 116.76, subdivision 12, and pathological waste as defined in section 116.76, subdivision 14, is 150 pounds equals one cubic yard, or 60 cents per 150 pounds.

Subd. 3. **Incineration with mixed waste; rate.** Nonmixed municipal solid waste that is separately collected and processed, but must be incinerated with mixed municipal solid waste in accordance with an industrial solid waste management plan approved by the Pollution Control Agency, shall be taxed at the rate for nonmixed municipal solid waste.

Subd. 4. **Disposal with mixed waste; rate.** Nonmixed municipal solid waste that is separately collected or processed, but is disposed of within the permitted boundaries of a land disposal facility that is also actively accepting and disposing of mixed municipal solid waste, shall be taxed at the rate for mixed municipal solid waste, unless the facility owner and operator can demonstrate a physical separation between the mixed municipal solid waste disposal area and nonmixed municipal solid waste disposal area, such that any air or liquid emissions being collected from the disposal areas are collected separately.

History: *1997 c 231 art 13 s 9; 1998 c 389 art 16 s 15; 1Sp2001 c 5 art 13 s 8; 1Sp2017 c 1 art 11 s 14; 1Sp2021 c 14 art 11 s 18*

297H.05 SELF-HAULERS.

(a) A self-hauler of mixed municipal solid waste shall pay the tax to the operator of the waste management facility to which the waste is delivered at the rate imposed under section 297H.03, based on the sales price of the waste management services.

(b) A self-hauler of nonmixed municipal solid waste shall pay the tax to the operator of the waste management facility to which the waste is delivered at the rate imposed under section 297H.04.

(c) The tax imposed on the self-hauler of nonmixed municipal solid waste may be based either on the capacity of the container, the actual volume, or the weight-to-volume conversion schedule in paragraph (d). However, the tax must be calculated by the operator using the same method for calculating the tipping fee so that both are calculated according to container capacity, actual volume, or weight.

(d) The tax for:

(1) construction debris as defined in section 115A.03, subdivision 7, is equal to 60 cents per cubic yard. The commissioner of revenue, after consultation with the commissioner of the Pollution Control Agency, shall determine and publish by notice a weight-to-volume conversion schedule for construction debris;

(2) industrial waste as defined in section 115A.03, subdivision 13a, is equal to 60 cents per cubic yard. The commissioner of revenue, after consultation with the commissioner of the Pollution Control Agency, shall determine and publish by notice a weight-to-volume conversion schedule for various industrial wastes; and

(3) infectious waste as defined in section 116.76, subdivision 12, and pathological waste as defined in section 116.76, subdivision 14, is 150 pounds equals one cubic yard, or 60 cents per 150 pounds.

(e) For mixed municipal solid waste the tax is imposed upon the difference between the market price and the tip fee at a processing or disposal facility if the tip fee is less than the market price and the political subdivision subsidizes the cost of service at the facility. The political subdivision is liable for the tax.

History: *1997 c 231 art 13 s 10; 1999 c 243 art 7 s 11; 1Sp2021 c 14 art 11 s 19*

297H.06 EXEMPTIONS.

Subdivision 1. **Certain surcharges or fees.** The amount of a surcharge, fee, or charge established pursuant to section 115A.919, 115A.921, 115A.923, 400.08, 473.811, or 473.843, or a service charge by a home rule charter or statutory city that owns and operates a solid waste-to-energy resource recovery facility, is exempt from the solid waste management tax. The exemption does not apply to the tax imposed on market price under section 297H.02, subdivision 1, paragraphs (b) and (c), or section 297H.03, subdivision 1, paragraphs (b) and (c).

Subd. 2. **Materials.** The tax is not imposed upon charges to generators of mixed municipal solid waste or upon the volume of nonmixed municipal solid waste for waste management services to manage the following materials:

(1) mixed municipal solid waste and nonmixed municipal solid waste generated outside of Minnesota;

(2) recyclable materials that are separated for recycling by the generator, collected separately from other waste, and recycled, to the extent the price of the service for handling recyclable material is separately itemized on a bill to the generator;

(3) recyclable nonmixed municipal solid waste that is separated for recycling by the generator, collected separately from other waste, delivered to a waste facility for the purpose of recycling, and recycled;

(4) industrial waste, when it is transported to a facility owned and operated by the same person that generated it;

(5) mixed municipal solid waste from a recycling facility that separates or processes recyclable materials and reduces the volume of the waste by at least 85 percent, provided that the exempted waste is managed separately from other waste;

(6) recyclable materials that are separated from mixed municipal solid waste by the generator, collected and delivered to a waste facility that recycles at least 85 percent of its waste, and are collected with mixed municipal solid waste that is segregated in leakproof bags, provided that the mixed municipal solid waste does not exceed five percent of the total weight of the materials delivered to the facility and is ultimately delivered to a waste facility identified as a preferred waste management facility in county solid waste plans under section 115A.46;

(7) source-separated compostable materials, if the materials are delivered to a facility exempted as described in this clause. To initially qualify for an exemption, a facility must apply for an exemption in its application for a new or amended solid waste permit to the Pollution Control Agency. The first time a facility

applies to the agency it must certify in its application that it will comply with the criteria in items (i) to (v) and the commissioner of the agency shall so certify to the commissioner of revenue who must grant the exemption. The facility must annually apply to the agency for certification to renew its exemption for the following year. The application must be filed according to the procedures of, and contain the information required by, the agency. The commissioner of revenue shall grant the exemption if the commissioner of the Pollution Control Agency finds and certifies to the commissioner of revenue that based on an evaluation of the composition of incoming waste and residuals and the quality and use of the product:

(i) generators separate materials at the source;

(ii) the separation is performed in a manner appropriate to the technology specific to the facility that:

(A) maximizes the quality of the product;

(B) minimizes the toxicity and quantity of rejects; and

(C) provides an opportunity for significant improvement in the environmental efficiency of the operation;

(iii) the operator of the facility educates generators, in coordination with each county using the facility, about separating the waste to maximize the quality of the waste stream for technology specific to the facility;

(iv) process rejects do not exceed 15 percent of the weight of the total material delivered to the facility; and

(v) the final product is accepted for use;

(8) waste and waste by-products for which the tax has been paid; and

(9) daily cover for landfills that has been approved in writing by the Minnesota Pollution Control Agency.

Subd. 3. **Construction debris in a disaster area.** The tax is not imposed on construction debris generated from repair and demolition activities caused by a disaster occurring in a presidentially declared disaster area, provided that the construction debris is disposed of in a waste management facility designated by the commissioner of the Pollution Control Agency. To be exempt, the debris must be disposed of within 18 months following the presidential declaration.

History: *1997 c 231 art 13 s 11; 1999 c 243 art 7 s 12; 1Sp2001 c 5 art 13 s 9; 2002 c 377 art 12 s 13; 2003 c 127 art 14 s 10; 2009 c 88 art 12 s 6; 2014 c 308 art 9 s 79; 1Sp2017 c 1 art 14 s 12*

297H.07 BILLING.

The amount of the tax imposed under this chapter shall be itemized separately on the generator's bill, and shall be designated as the "solid waste management tax."

History: *1997 c 231 art 13 s 12*

297H.08 PAYMENT; REPORTING.

(a) The waste management service provider, or a political subdivision specified in section 297H.02, subdivision 1, and section 297H.03, subdivision 1, shall report the tax on a return prescribed by the commissioner of revenue, and shall remit the tax with the return. The return and the tax must be filed using the filing cycle and due dates provided for taxes imposed under chapter 297A.

(b) The waste hauler or political subdivision that sells bags, stickers, or other indicia to vendors must report and remit the tax imposed by section 297H.02, subdivision 3, and section 297H.03, subdivision 3, on

a return prescribed by the commissioner of revenue, and shall remit the tax with the return. The return and the tax must be filed using the filing cycle provided for taxes imposed under chapter 297A.

(c) Any partial payments received by waste management service providers for waste management services shall be prorated between the tax imposed under section 297H.02, 297H.03, or 297H.04 and the service.

History: *1997 c 231 art 13 s 13*

297H.09 BAD DEBTS.

The remitter of the solid waste management tax may offset against the tax payable, with respect to any reporting period, the amount of tax imposed by this chapter previously remitted to the commissioner of revenue which qualified as a bad debt under section 166(a) of the Internal Revenue Code as defined in section 289A.02, subdivision 7, during such reporting period, but only in proportion to the portion of such debt which became uncollectible. This section applies only to accrual basis remitters that remit tax before it is collected and to the extent they are unable to collect the tax.

History: *1997 c 231 art 13 s 14; 2008 c 366 art 11 s 25*

297H.10 ADMINISTRATION; ENFORCEMENT; PENALTY.

Subdivision 1. **Administration and enforcement.** The audit, assessment, appeal, collection, refund, penalty, interest, enforcement, and administrative provisions of chapters 270C and 289A that are applicable to taxes imposed by chapter 297A apply to this chapter.

Subd. 2. [Repealed, 2014 c 308 art 9 s 94]

History: *1997 c 231 art 13 s 15; 2005 c 151 art 2 s 15*

297H.11 REQUIREMENTS AND POTENTIAL LIABILITY OF WASTE MANAGEMENT SERVICE PROVIDERS.

Subdivision 1. **Requirements.** Waste management service providers are required to:

(1) separately and accurately state the amount of the tax in the appropriate statement of charges for waste management services, or other statement if there are no charges for waste management services, and in any action to enforce payment on delinquent accounts;

(2) accurately account for and remit tax received; and

(3) work with the commissioner of revenue to ensure that generators pay the tax.

Subd. 2. **Liability.** A waste management service provider is liable for an amount equal to the solid waste management tax that was either:

(1) received by the waste management service provider but not timely remitted to the commissioner of revenue; or

(2) not received by the waste management service provider and the waste management service provider failed to separately and accurately state the amount of the tax in the appropriate statement of charges for waste management services and in any action to enforce payment on delinquent accounts.

Subd. 3. **Recovery.** A person who is liable under subdivision 2 is not prohibited from recovering from the generator or self-hauler the amount of the liability paid to the commissioner of revenue that is equal to the solid waste management tax owed by the generator or self-hauler.

History: *1997 c 231 art 13 s 16*

297H.115 USE TAX.

Subdivision 1. **Imposition; liability of generators and self-haulers.** (a) A use tax is imposed on the sales price of mixed municipal solid waste management services received by a residential generator at the rate imposed under section 297H.02, unless the tax imposed under section 297H.02 was paid. The residential generator is liable.

(b) A use tax is imposed on the sales price of mixed municipal solid waste management services received by a commercial generator at the rate imposed under section 297H.03, unless the tax imposed under section 297H.03 was paid. The commercial generator is liable.

(c) A use tax is imposed on the volume of nonmixed municipal solid waste that is managed at the rate imposed under section 297H.04, unless the tax imposed under section 297H.04 was paid. The generator is liable.

(d) A use tax is imposed on the sales price of mixed municipal solid waste management services received by a self-hauler at the rate imposed under section 297H.05, paragraph (a), unless the tax imposed under section 297H.05, paragraph (a), was paid. The self-hauler is liable.

(e) A use tax is imposed on the volume of nonmixed municipal solid waste managed at the rate imposed under section 297H.05, paragraph (b), unless the tax imposed under section 297H.05, paragraph (b), was paid. The self-hauler is liable.

Subd. 2. **Payment; reporting.** A generator or self-hauler that is liable under subdivision 1 shall report the use tax on a return prescribed by the commissioner of revenue, and shall remit the tax with the return. The return and the tax must be filed using the filing cycle and due dates provided for taxes imposed under chapter 297A.

Subd. 3. **Commissioner assessment.** (a) The commissioner of revenue may not assess the generator or self-hauler a use tax on a transaction for which the waste management service provider has paid the solid waste management tax, except as provided in paragraph (b).

(b) If the waste management service provider who is an accrual basis taxpayer remits a payment and thereafter offsets the amount as a bad debt under section 297H.09, the commissioner of revenue may assess the generator or self-hauler a use tax for the offset amount.

History: *1Sp2001 c 5 art 7 s 60*

297H.12 INFORMATION REGARDING THE SOLID WASTE MANAGEMENT TAX.

The commissioner of the Pollution Control Agency, after consulting with the commissioner of revenue and waste management service providers, shall develop information regarding the solid waste management tax for distribution to waste generators in the state. The information shall include facts about the substitution of the solid waste management tax for the sales tax on solid waste services and the solid waste generator assessment and the purposes for which revenue from the tax will be spent.

History: *1997 c 231 art 13 s 17; 1Sp2005 c 1 art 2 s 161*

297H.13 DEPOSIT OF REVENUES; USE OF PROCEEDS; REPORT ON RECEIPTS.

Subdivision 1. **Deposit of revenues.** The revenues derived from the taxes imposed on waste management services under this chapter shall be deposited by the commissioner of revenue in the state treasury.

Subd. 2. **Allocation of revenues.** (a) Of the amounts remitted under this chapter, 70 percent must be credited to the environmental fund established in section 16A.531, subdivision 1.

(b) In addition to the amounts credited to the environmental fund in paragraph (a), in fiscal year 2024 and later, three percent of the amounts remitted under this chapter shall be deposited into the resource management account in the environmental fund.

(c) The remainder must be deposited into the general fund.

(d) Beginning in fiscal year 2024 and annually thereafter, the money deposited in the resource management account in the environmental fund under paragraph (b) is appropriated to the commissioner of the Pollution Control Agency for distribution to counties under section 115A.557, subdivision 2, paragraph (a), clauses (1) to (7) and (9) to (11).

Subd. 3. [Repealed, 2003 c 128 art 2 s 56]

Subd. 4. [Repealed, 2003 c 128 art 2 s 56]

Subd. 5. **Report on receipts.** The commissioner of revenue shall report to the chairs of the house of representatives and senate Environment and Natural Resources Committees; the house of representatives Environment and Natural Resources Finance Division; the senate Environment and Agriculture Budget Division; the house of representatives Tax Committee and the senate Taxes and Tax Laws Committee; and the commissioner of the Pollution Control Agency on the total tax revenues received from the taxes imposed under this chapter. The reports shall be made as follows:

(1) a report by August 31 of each year based on amounts received by the commissioner of revenue from January 1 through June 30 of that year; and

(2) a report by February 28 of each year based on amounts received by the commissioner of revenue from July 1 through December 31 of the preceding year.

Subd. 6. [Repealed, 2000 c 370 s 5]

History: *1997 c 231 art 13 s 18; 1999 c 231 s 181; 2003 c 128 art 2 s 42,43; 1Sp2005 c 1 art 2 s 145,161; 2023 c 64 art 15 s 11*