115A.1455 SERVICE PROVIDER; REIMBURSEMENT.

Subdivision 1. **Service provider reimbursement required.** The reimbursements provided for covered services to covered entities, at a minimum, under an approved stewardship plan must only be provided to service providers that meet the performance standards established under an approved stewardship plan.

Subd. 2. **Collection of recyclables.** If a covered entity does not have access to collection services for covered materials on the list established under section 115A.1453, subdivision 1, where collection services for mixed municipal solid waste are being provided, the producer responsibility organization must ensure that collection services are available to the covered entity through a service provider at an optimal level of service and convenience.

Subd. 3. **Bidding processes.** (a) For infrastructure investments included in an approved stewardship plan, a producer responsibility organization must use the competitive bidding processes established in section 16C.28, subdivision 1, and publicly post bid opportunities, except that preference must be given to existing facilities, providers of services, and holders of service accounts in the state for waste reduction, reuse, collection, recycling, and composting of covered materials.

(b) No producer or producer responsibility organization may own or partially own infrastructure that is used to fulfill obligations under sections 115A.144 to 115A.1463, except in the following circumstances:

(1) a producer may hold an ownership stake in infrastructure used to fulfill obligations under sections 115A.144 to 115A.1463 so long as the stake was held before July 1, 2024, and the ownership stake is fully disclosed by the producer to the producer responsibility organization; or

(2) after a bidding process described in paragraph (a) under which no service provider bids on the contract, the producer responsibility organization may make infrastructure investments identified under an approved stewardship plan to implement the requirements in sections 115A.144 to 115A.1463.

Subd. 4. **Reimbursement rates.** (a) An approved stewardship plan must provide a methodology for reimbursement rates for covered services for covered materials, exclusive of exempt materials. The methodology for reimbursement rates must consider estimated revenue received by service providers from the sale of covered materials based upon relevant material indices and incorporate relevant cost information identified by the needs assessment. Reimbursement rates must be annually updated and reflect the net costs for covered services for covered materials from covered entities, at a minimum. Reimbursement rates must be established equivalent to net costs as established by a methodology in an approved plan as follows:

(1) no less than 50 percent of the net cost by February 1, 2029;

(2) no less than 75 percent of the net cost by February 1, 2030; and

(3) no less than 90 percent of the net cost by February 1, 2031, and each year thereafter.

(b) Reimbursement rates must be based on the following, as applicable by the service provided:

(1) the cost to collect covered material for recycling, a proportional share of composting, or reuse adjusted to reflect conditions that affect those costs, varied by region or jurisdiction in which the covered services are provided, including but not limited to:

(i) the number and type of covered entities;

(ii) population density;

(iii) collections methods employed;

(iv) distance traveled by collection vehicles to consolidation or transfer facilities; to reuse, recycling, or composting facilities; and to responsible markets;

(v) other factors that may contribute to regional or jurisdictional cost differences;

(vi) the proportion of covered compostable materials within all source-separated compostable materials collected or managed through composting; and

(vii) the general quality of covered materials collected by service providers;

(2) the cost to transfer collected covered materials from consolidation or transfer facilities to reuse, processing, recycling, or composting facilities or to responsible markets;

(3) the cost to:

(i) sort and process covered materials for sale or use and remove contamination from covered materials by a recycling or composting facility, less the average fair market value for that covered material based on market indices for the region; and

(ii) manage contamination removed from collected covered material;

(4) administrative costs of service providers, including education, public awareness campaigns, and outreach program costs as applicable; and

(5) the costs of covered services for a refill system or covered services provided for reusable covered materials and management of contamination.

(c) A service provider retains all revenue from the sale of covered materials. Nothing in sections 115A.144 to 115A.1463 may restrict a service provider from charging a fee for covered services of covered materials to the extent that reimbursement from a producer responsibility organization does not cover all costs of services, including continued investment and innovation in operations, operating profits, and returns on investments required by a service provider to provide sustainability of the services.

(d) Reimbursement rates may be calculated per ton, by household, or by another unit of measurement under an approved stewardship plan.

Subd. 5. **Local government authority.** (a) Nothing in this section shall be construed to require a political subdivision to agree to operate under a stewardship plan, nor does it restrict the authority of a political subdivision to provide waste management services to residents or to contract with any entity to provide waste management services. Any political subdivision that is also a service provider is eligible to be registered with the commissioner and reimbursed per the rates and schedule established in accordance with subdivision 4.

(b) Nothing in sections 115A.144 to 115A.1463 restricts the authority of a political subdivision to provide waste management services to residents, to contract with any entity to provide waste management services, or to exercise its authority granted under section 115A.94. A producer responsibility organization may not restrict or otherwise interfere with a political subdivision exercising its authority under section 115A.94 to organize collection of solid waste, including materials collected for recycling or composting, or to extend, renew, or otherwise manage any contracts entered into as a result of exercising such authority or otherwise resulting from a competitive procurement process.

Subd. 6. **Dispute resolution.** A producer responsibility organization must establish a dispute resolution process utilizing third-party mediators for disputes related to reimbursements.

History: *2024 c 116 art 5 s 15*