

Subject Allocation of Solid Waste Tax Revenues

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Summary

House File 2367, as amended by the H2367A1 amendment, changes the allocation of revenues from the Solid Waste Management Tax, which imposes a tax on the price of waste management services at the rate of 9.75 percent for households, and 17 percent for businesses. The tax is estimated to raise \$100 million in FY 2022.

Under current law, 70 percent of these tax revenues, or \$33.76 million, whichever is greater, is credited to the environmental fund, a significant component of the Minnesota Pollution Control Agency's budget. The balance of the revenues are deposited in the general fund. Prior to 2005, the comparable numbers were 50 percent and \$22 million, and had been in place since the law's inception in 1997.

H.F. 2367 increases the proportion of tax revenues directed to the environmental fund, increasing it to 75 percent in FY 2023, 80 percent in FY 2024 and 2025, and 100 percent thereafter.

The bill also provides that, beginning in FY 2023, the difference between the amount of tax revenues directed to the environmental fund under the law as currently written and the amount transferred to the environmental fund if this bill becomes law, must be expended on certain solid waste activities, namely, those permitted to be funded with state SCORE grants awarded to each Minnesota county based on population. These activities include recycling, composting, diverting food from waste streams, and education. However, the bill prohibits use of these additional funds for waste processing at resource recovery facilities.