

**MINNESOTA
CHAMBER OF
COMMERCE**

GROWING MINNESOTA

March 10, 2026

Representative Josh Heintzeman
Co-Chair
House Environment and Natural Resources
Finance and Policy Committee

Representative Peter Fischer
Co-Chair
House Environment and Natural Resources
Finance and Policy Committee

On behalf of the Minnesota Chamber of Commerce, a statewide organization representing more than 6,300 businesses and more than half a million employees, I write today opposing HF 3322 (Franson), a bill to impose a new tax on beverage producers and therefore a new cost on Minnesotans.

Affordability is a top concern for Minnesotans. Costs continue to increase for everyday family expenses like childcare, health care, groceries, and utilities. Meanwhile, Minnesota continues to rank among the top 10 in personal income tax rates. Imposing the tax described in HF 3322 will only add to increased costs for consumers.

Businesses of all sizes also continue to struggle to compete in Minnesota's tax and regulatory environment. Mandates passed in previous legislative sessions like extended producer responsibility for paper and packaging, paid family and medical leave, and others account for expensive compliance costs for food and beverage producers. These businesses employ thousands of Minnesotans in high-quality jobs that pay family-sustaining wages.

The Minnesota Chamber of Commerce and its members are committed to continue making Minnesota a better place to live, work, and raise a family. HF 3322's new tax on businesses, and therefore new cost on Minnesota families, only makes us less competitive with our peers.

Sincerely,



Andrew Morley
Director, Environmental Policy
Minnesota Chamber of Commerce
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Minnesota Beverage Association

Representing the bottlers & distributors of non-alcoholic beverages

More Choices | Less Sugar | Always Recyclable

March 7, 2026

Dear Chairs Fischer and Heintzeman & Committee Members:

The Minnesota Beverage Association strongly urges you to **oppose HF3322**, which imposes a burdensome \$0.10 excise tax on every plastic beverage bottle. This legislation unfairly targets our industry and hardworking Minnesotans while failing to address pollution sources responsibly. Here's why this bill must be rejected:

Double Taxation on Everyday Beverages: Non-alcoholic beverages already contribute significantly through existing state sales taxes. Adding a \$0.10 per bottle excise tax creates an unjust double tax, piling unnecessary costs onto families and businesses and exacerbating Minnesota's affordability challenges. This is not fair taxation—it's redundant and punitive.

A Staggering 56% Tax on Bottled Water: Most shockingly, this regressive tax equates to a 56% increase on a case of bottled water—a healthy, essential product many rely on for clean hydration. At a time when access to affordable drinking water is critical, this bill would disproportionately harm low-income households, schools, and community events. Ironically, it would burden the very Minnesotans who turn to bottled water as a safe alternative when their wells or municipal supplies are contaminated with PFAS.

Burden Passed Directly to Struggling Consumers: Make no mistake—this tax, like other costs, will be passed directly to consumers already facing rising grocery prices, housing costs, and utility bills. Why add another layer of expense to something as basic and necessary as a beverage?

Unfair Penalty for a Problem We Didn't Create: Our plastic bottles contain no PFAS and never have. They are fully recyclable, supporting Minnesota's recycling infrastructure and circular economy, and are Made to be Remade. HF3322 unfairly singles out our industry to fund PFAS cleanup and water infrastructure fixes for pollution we did not cause. True environmental solutions should target actual polluters, not penalize responsible producers or our customers who prioritize safety and sustainability.

Harms Minnesota Jobs: Beverages in plastic bottles are produced right here in Minnesota by dedicated Teamsters, supporting union families and strengthening our state's economy. Risking these local livelihoods for a flawed, misdirected tax is shortsighted and harmful.

HF3322 is bad for consumers, bad for jobs, and bad for Minnesota. We respectfully call on the committee to vote NO and protect affordability, fairness, and our local industry.

Minnesota Beverage Association
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MINNESOTA GROCERS ASSOCIATION

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March 10, 2026

Chair Fischer, Chair Heintzeman and Members of the House Environment and Natural Resources Finance and Policy Committee:

The Minnesota Grocers Association (MGA) appreciates the opportunity to express our opposition to HF3322 (Franson), which would add a ten-cent tax on nearly every bottled beverage in Minnesota. While the bill states that the tax will be paid by beverage bottlers, we know that these costs on producers are ultimately paid for by consumers.

Minnesota is home to a vibrant culture of independent, locally-owned, multi-generational grocers and convenience stores. The MGA has proudly represented Minnesota's food industry for over 125 years. Today, we represent more than 250 companies with over 1,300 locations statewide, including food producers, manufacturers, brokers, and wholesalers. Our industry supports more than 150,000 jobs in the state and plays an essential role in feeding families in every corner of the state.

The rising cost of food is top of mind for all Minnesotans. Our members see it every day in their communities. The reasons for increasing food prices are not hard to identify. Quickly rising labor costs, expensive state mandates, tariffs, mounting property taxes, growing energy rates, and growing levels of theft. All of these factors are outside the control of retailers and put dramatic pressure on consumer baskets.

As an industry, independent grocery retailers operate on extremely low profits margins – just **1.7% in 2024**. Any additional costs on the input side of the food production equation ultimately appear on the store shelves in the shape of higher prices on goods.

HF3322 would be an additional cost passed on to Minnesotans at checkout. We understand the intent of this proposal to raise funds for much needed infrastructure projects around the state but feel that funding these projects through a hidden-bottle tax paid for by consumers is not the right way to fund these projects.

Thank you for your consideration.

Sincerely,

Steve Barthel
Director of Government Relations
Minnesota Grocers Association



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**Minnesota State Legislature
House Environment and Natural Resources Finance and Policy Committee
Public Hearing on HF 3322
March 10, 2026**

Written Testimony

**James P. Toner, Jr.
Director of Government Relations
International Bottled Water Association**

Co-Chairs Heintzeman, Fischer and members of the Committee, thank you for this opportunity to submit written testimony in opposition to HF 3322, which would impose a 10-cent excise tax on plastic beverage bottles of less than 3 liters.

The International Bottled Water Association (IBWA) is the trade association representing all segments of the bottled water industry, including spring, artesian, mineral, sparkling, well, groundwater and purified bottled waters. IBWA represents bottled water bottlers, distributors, and suppliers throughout the United States, including several small, medium, and large-size companies doing business in Minnesota. Companies in Minnesota that manufacture, distribute and sell bottled water employ as many as 3,679 people in the state and generate an additional 6,531 jobs in supplier and ancillary industries. IBWA's stated mission is to serve the members and the public by championing bottled water as an important choice for healthy hydration and lifestyle and promoting an environmentally responsible and sustainable industry.

IBWA opposes HF 3322 as it imposes an excise tax to bottled water in plastic containers as it unfairly targets the beverage industry, which already pays a vast array of business and manufacturing taxes in Minnesota. Currently, the bottled water industry already generates sizable tax revenues in the state, with the industry and its employees paying over \$117 million in business taxes plus an additional \$36.28 million in sales taxes. Bottled water companies in Minnesota are also subject to the state's bottled water licensing, registration and regulation requirements.

IBWA believes that the following set of principles is essential in addressing tax policy relative to the bottled water industry:

Bottled Water is a Necessary Food, Not a Luxury – Bottled water is a regulated food product and provides a critical element to a healthy diet. For some, they have come to

depend on bottled water's quality, consistency, and safety record as their principal source of drinking water. Even a product specific tax such as this will impact access to bottled water as it will increase the price of the most affordable bottled water. People with compromised immune systems, the elderly, and infants often depend on bottled water as their only source of drinking water. As with all essential food products, bottled water is covered under the food stamp program and is currently exempt from the state sales and use tax.

Taxes Should Be Broad Based and Fair – The purpose of tax policy should be to encourage economic development while raising the revenue necessary to fund necessary government programs and services. Broad based taxes, rather than industry or product specific taxes, are a more stable and thus more predictable source of government funding. However, taxes that target bottled water or other specific products are unlikely to be a substantial or stable source of revenue for government funding and inherently unfair.

Impact on Vulnerable Communities – Bottled water taxes will have a disproportionate impact on the lower income people, elderly on fixed incomes, or disadvantaged communities who must use bottled water as their source of drinking water. It is likely that the cost of this tax will be passed onto consumers based upon any extra charge imposed by distributors or passed through to the beverage producer. Bottled water also plays a significant role during emergency situations. When disaster strikes, consumers depend on bottled water. Government should not place tax burdens on those who are the most vulnerable and need bottled water.

Bottled water is a safe, healthy, and essential food product that many Minnesotans rely on every day. A targeted excise tax would unfairly burden consumers, particularly those who depend on bottled water the most, while harming an industry that supports thousands of jobs across the state. IBWA respectfully urges the Committee to oppose HF 3322.

Thank you for your consideration.

March 9, 2026

Minnesota House
Environment and Natural Resources Finance and Policy Committee

RE: HF3322 – Plastic Bottle Excise Tax Proposed

Dear Co-Chairs Fischer and Heintzeman and Committee Members,

On behalf of the Coalition for Plastic Reduction MN, I am writing in **support** of HF3322.

Providing clean drinking water and managing wastewater is an increasingly challenging and expensive proposition for cities and towns across Minnesota. Municipalities are often faced with maintaining aging infrastructure and addressing pollution like lead, nitrates and PFAS. An emerging problem that will likely also need attention is plastic.

Plastic pollution is all around us, in our air, soil and water, including our tap water. Studies have found an average of 300 particles per liter in tap water. Bottled water, however, contains many times that amount. One study found 240,000 particles per liter. Most of these particles, 90%, were nanoparticles which are small enough to enter human cells. In addition, all plastic particles contain chemicals, many considered harmful, which leach into our food, water and our bodies and can impact our health.

Creating a fund that municipalities can use to replace or upgrade their current water facilities while addressing pollutants like lead, PFAS, and nitrates is important and will position them to better handle future contaminants like microplastics.

In Minnesota, hundreds of thousands of plastic water and soda bottles are used every day. Adding a 10 cent excise tax per bottle for a temporary period could generate a significant fund that could be used for needed water infrastructure projects.

Ensuring that people have clean drinking water that they can trust is critical and providing funds to help make that happen is very beneficial.

Sincerely,
Lori Olinger
Coalition for Plastic Reduction MN