HOUSE RESEARCH

Bill Summary =

FILE NUMBER: H. F. 592 DATE: February 15, 2001

Version: As introduced

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Subject: Solid Waste Management Tax and other Waste Management Provisions

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Overview

H.F. 592 relates to the solid waste management tax, which is primarily used to fund solid waste management activities in the state. The solid waste management tax, which was enacted in 1997, replaced a tax and fee. The "new" tax was intended to raise approximately \$44.5 million per year, which was the total amount of the two "old" revenue sources. The 1997 change was intended to be revenue neutral in the first year of enactment. However, the tax has raised more than the intended amount and has grown each year thereafter. In fiscal year 1999, the tax raised over \$49 million. In fiscal year 2001, the department of finance estimates the tax will raise over \$54 million at the current rates.

H.F. 592 also repeals some solid waste management accounting and reporting requirements, and solid waste management tax adjustment requirements.

Section

- -212 **Technical amendments.** Makes changes to conform to the repeal of section 115A.929.
- Residential generator tax rate. Reduces the tax rate on residential mixed municipal solid waste disposal services from 9.75 percent to 8.5 percent.
- 4 **Commercial generator tax rate.** Reduces the tax rate on commercial mixed municipal solid waste disposal services from 17 percent to 15 percent.
- Non-mixed municipal solid waste tax rate. Reduces the tax rate on non-mixed municipal solid waste from 60 cents per noncompacted cubic yard of waste to 53 cents per noncompacted cubic yard and also decreases the rates on construction debris and industrial infectious waste accordingly.
- Allocation of revenues. Amends the provision governing allocation of revenues from the solid waste management tax. Currently, \$22 million or one-half, whichever is greater, is remitted to the solid waste fund (i.e. for landfill cleanup, etc.). The remainder is deposited in the general fund. Under this section, the amount remitted to the solid waste fund would be limited to \$22

million.

The remainder would continue to go to the general fund, but the language is added providing that the remainder is intended to be used for the administration of state and county programs and functions relating to recycling, reducing the amount of solid waste, managing household and very small quantity generator hazardous waste, and other similar environmental programs and activities.

- Notice of rate change. Requires waste management service providers to provide notice to each customer of the rate decreases provided in this bill no later than 30 days after the rate decreases take effect.
- 8 **Repealer.** Provides that the following sections are repealed:
 - **115A.929** requiring political subdivisions that provide for solid waste management to account for all revenue collected from waste management fees separately from other revenue collected by the political subdivision;
 - **297H.13, subdivision 3** requiring the Commissioner of Revenue to increase the applicable tax rates if the Commissioner of the Pollution Control Agency certifies that less than \$22 million is expected to be available for landfill cleanup and reimbursement costs in any fiscal year (under existing law, \$22 million or 50%, which ever is greater, of the revenue from the solid waste management tax is annually remitted to the solid waste fund for landfill cleanup, reimbursement and related purposes);
 - **297H.13**, **subdivision 4** requiring a one time adjustment of the solid waste management tax rates if the tax revenue in fiscal year 1999 is projected to exceed \$44.5 million;
- 9 **Effective date.** Provides that the repealer and related sections are effective the day following final enactment. Provides that the provisions relating to reducing the solid waste management taxes are effective July 1, 2001, and apply to services provided after that date.