

Solid Waste Management Tax

1

Solid and Hazardous Waste Management

Fact Sheet

What is taxable

Solid waste management services for both mixed municipal solid waste (MMSW) and non-mixed-municipal solid waste (non-MMSW) are subject to the solid waste management (SWM) tax.

Who collects the tax

Waste management service providers are responsible for collecting and remitting the SWM tax. A provider is any party who directly bills the generator or self-hauler for waste management services. This includes waste haulers, waste management facilities, utility services and political subdivisions.

Providers are required to:

- state the amount of tax separately and accurately on the appropriate statement of charges for waste management services and in any action to enforce payment on delinquent accounts;
- designate the tax as "solid waste management tax";
- bill the tax for MMSW at 9.75 percent of the sales price for residential generators and 17 percent for commercial generators and self-haulers;
- bill tax for construction and demolition waste and other non-MMSW at \$0.60 per cubic yard for all customers;
- accurately account for and remit tax received;
- work with the Department of Revenue to ensure that generators pay the tax.

A provider is liable for an amount equal to the SWM tax if the provider:

- received the tax but did not remit it timely to the Department of Revenue; or
- did not receive the tax and failed to state the amount of tax separately and accurately on the appropriate statement of charges for waste management services or in an action to enforce payment on delinquent accounts.

Solid waste management use tax

Waste generators and self-haulers are liable for use tax on taxable solid waste if the waste management service provider does not charge the tax. This is effective for services received on or after Aug. 1, 2001. Forms to report use tax are available from our office. Call the number at the bottom of this page.

Uncollectible accounts

Providers who remit the SWM tax prior to collection (accrual basis) can request a refund of the tax paid on those accounts that qualify as a bad debt under section 166(a) of the Internal Revenue Code.

Mixed municipal solid waste

The SWM tax is based on a percentage of the sales price for MMSW services. Sales price includes all charges and fuel surcharges associated with the service including collection, transportation, processing, disposal and administration fees, whether billed separately or together.

MMSW is garbage, refuse, and other solid waste from residential, commercial and community activities that the waste generator aggregates for collection (M.S. 115A.03, *subd 21*).

The following are examples of items that are *not included* in the definition of MMSW so long as they are collected, processed and disposed of separately from MMSW: ash, auto hulks, construction debris, lead acid batteries, mining waste, motor vehicle fluids and filters, sludges, street sweepings, tires, tree and agricultural wastes.

Residential generators—9.75%

Residential generators include single-family residences, apartment buildings, condominiums, manufactured home parks and townhomes.

The rate is 9.75 percent of the bill for waste management services at a multi-residence building or site, regardless of whether the waste management service provider bills a resident separately for the service or bills the owner or association.

Commercial generators and self-haulers—17%

Commercial generators include the owner or operator of a business, including a home-operated business, industry, church, nursing home, nonprofit organization, school, campus school housing, prison, hotel or any other commercial or institutional enterprise that generates MMSW.

Self-haulers of MMSW pay the tax to the operator of the waste management facility to which the waste is delivered. A self-hauler is a person who transports MMSW or non-MMSW generated by that person or another person without compensation.

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Bag or sticker sales

Generators sometimes receive waste management services by purchasing bags, stickers or other indicia. When political subdivisions or waste haulers sell the bags or stickers to vendors, the political subdivision or waste hauler is responsible for collecting SWM tax on the price of the bags or stickers when they are sold to the vendor.

The vendors must pass the tax on to the generators by including the tax amount in the price charged to generators for the bags or stickers.

The tax rate is 9.75 percent for bags or stickers that are used by residential generators and 17 percent for those used by commercial generators.

Sales tax: Political subdivisions and haulers do not pay sales tax on the purchase of bags.

Waste management containers

An exemption from sales tax is allowed for waste collection containers and compactors purchased by providers to use in providing waste management services. To qualify for the exemption, the container must be used in providing waste management services that are subject to SWM tax. The exemption *does not* apply to purchases of containers or compactors that are used primarily for recycling services since recycling charges are not subject to SWM tax.

The exemption does not extend to repair or replacement parts for the containers and packers, or to trucks that are purchased complete with chassis and packer/compactors. The entire price of a "complete" truck is subject to sales tax on motor vehicles and paid to the Department of Public Safety at the time the vehicle is registered.

The garbage packer/compactor must be purchased separately from the chassis in order to be exempt from sales tax, and the chassis must be registered separately.

You should give your supplier a completed Certificate of Exemption, Form ST3, to purchase qualifying containers and packers exempt from sales tax.

Non-mixed municipal solid waste

The SWM tax is imposed at a lower rate for non-MMSW if the waste material is collected, processed and *disposed of* separately from MMSW.

A new subdivision in the law clarifies that the MMSW tax rate applies to non-MMSW if the non-MMSW is disposed of at a landfill facility that also accepts and disposes of MMSW. If the facility owner or operator can demonstrate a physical separation between the MMSW and the non-MMSW, and the emissions from the two areas are collected separately, the non-MMSW tax rate applies. This is effective for waste disposed of after July 31, 2001.

The higher MMSW rate applies if the above conditions are not met.

Construction and demolition debris

Construction and demolition debris is taxed at \$0.60 per cubic yard. If the service provider calculates its waste management service fee based on weight an SWM tax charge of \$2 per ton can be used. The tax must be calculated using the same method as that used for the service charge.

Industrial waste

If a service provider calculates its waste management service fee on weight, \$0.462 per ton may be used. The SWM tax must be calculated using the same method used for the service fee. This rate was determined after consultation between the Department of Revenue and the Pollution Control Agency.

Medical waste

The SWM tax on infectious and pathological waste is four tenths (.004) of a cent per pound, i.e. 275 pounds = \$1.10 SWM tax.

Exemptions

The following are exempt from SWM tax.

- **The federal government and its agencies**
- **Certain recyclables commingled with MMSW**
- **Approved source-separated compostables**
- **Certain recyclable materials**

The charge for managing recyclable materials is exempt from the SWM tax if all of the following criteria are met:

1. The generator must separate recyclables from other wastes.
2. The recyclables must be collected separately from other wastes and delivered to a waste management facility where they are recycled.
3. The charge for managing the recyclables must be separately itemized on the generator's billing statement.

Recyclable materials include paper, glass, plastics, metals, automobile oil, batteries and other materials that are separated from solid waste for the purpose of recycling. Refuse derived fuel or other material that is destroyed by incineration is not a recyclable material.

- **Surcharges or fees** imposed under sections 115A.919, 115A.921, 115A.923, 400.08, 473.811 or 473.843. Fees charged under these sections are exempt from the SWM tax whether billed directly to customers or shown on a property tax statement.
- **Residue from a recycling facility** that separates and processes recyclable materials and reduces the volume by at least 85 percent is exempt from the SWM tax. Any residue remaining after recycling non-MMSW is subject to the SWM tax.
- **Industrial waste** is exempt from the SWM tax when the industrial waste is transported to a facility owned and operated by the generator.

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- **Waste generated outside of Minnesota.**
(**Note:** If waste is generated in Minnesota and shipped out of state, the SWM tax must be charged.)
- **Daily cover for landfills** is exempt from the SWM tax to the extent it is approved by the Minnesota Pollution Control Agency.
- **Waste and waste by-products** on which the SWM tax has already been paid are exempt.
- **Non-MMSW from a presidentially declared disaster area.**
An exemption from the SWM tax is provided for non-MMSW generated from repair and demolition activities caused by a disaster that occurred in a presidentially declared disaster area. The debris must be disposed of in a waste management facility designated by the Pollution Control Agency. Currently, there is an exemption from the 60-cent per cubic yard SWM tax for debris disposed of from March 23, 2001, through Nov. 16, 2002. A revised SWMT-10 that includes a check box for this exemption is on the back of this fact sheet. Generators that have already paid tax on this type of debris are entitled to a refund.

Future presidentially declared disaster areas will be exempt for 18 months from the date of the declaration.

For more information on exemptions, refer to M.S. 297H.06.

Allocation of revenue

Seventy percent of the SWM tax, or at least \$33.76 million, is deposited in the Solid Waste Fund. The remainder is deposited in the general fund with biennial appropriations to the Office of Environmental Assistance for county recycling block grants and related solid waste activities.

Filing and paying your tax electronically

File your sales tax return and pay your SWM tax using our e-File Minnesota electronic filing and payment system.

You can file over the Internet at www.taxes.state.mn.us or by phone at 1-800-570-3329.

Information and assistance

If you have questions about charging, collecting or reporting SWM tax, call 651-282-5770. TTY: Call 711 for Minnesota Relay. We'll provide information in other formats upon request to persons with disabilities.

Information and forms are also available on our website at www.taxes.state.mn.us.

You can write to us at:

Minnesota Revenue
Mail Station 3331
St. Paul, MN 55146-3331

Some counties also have tax on solid waste. Check with your county's solid waste administration office.

Tip line

To report possible noncompliance with the law, call our tip line at 1-800-657-3500.

Waste Hauler's Exemption Certificate

Purchaser: Complete this certificate and give it to the seller.

Seller: Keep this certificate for your records. Incomplete certificates cannot be accepted in good faith.

Name of authorized purchaser

Minnesota tax ID number (if no number, state reason)

Name of purchaser's business

Business address

City

State

Zip code

Name of disposal site

Address

City

State

Zip code

To qualify for exemption, you must be in the business of providing waste management services for compensation.

Solid waste management tax—Check all that apply:

- I collect and remit the solid waste management tax to the state of Minnesota on charges to my customers for waste management services.
- I provide waste management services to a city or municipality that collects the solid waste management tax from its citizens on charges for these services.
- This waste was generated outside Minnesota and not subject to the solid waste management tax.
- Mixed municipal solid waste from a recycling facility that achieves at least 85 percent volume reduction.
- Federal agency
- Non-mixed municipal solid waste from a presidentially declared disaster area.

I declare that the information on this certificate is correct and complete to the best of my knowledge and belief.

Signature of authorized purchaser

Title

Date

Daytime phone

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