



STATE OF MINNESOTA

DEPARTMENT OF REVENUE

9-0264

November 29, 1990

TO: The Honorable Gene Merriam, Chair
Senate Finance Committee
and
Legislative Commission
on Waste Management

The Honorable Wayne Simoneau, Chair
House Appropriations Committee

Mr. Michael Robertson, Director
Office of Waste Management

FROM: John James, Commissioner

RE: SCORE Sales Tax Report

As required by Chapter 1, Article 19, Section 8 of the Laws of Minnesota for 1989, First Special Session, the Department of Revenue has estimated the total revenue from the sales tax on solid waste collection and disposal services for fiscal years 1990 and 1991. The tax took effect January 1, 1990. The estimates are given below:

FY 1990	FY 1991	TOTAL
\$4,983,000	\$24,265,000	\$29,248,000

The estimates are based on the remittance histories of the taxpayers we identified as collecting and paying the tax. These entities are commercial waste haulers, local units of government and waste disposal facilities. The SCORE taxpayers were identified through a survey of disposal facilities, primarily landfills, incinerators, refuse-derived fuel plants and transfer stations. The disposal facilities were asked to provide copies of the sales tax account numbers of commercial haulers using their facilities. The account numbers of most cities that provide collection service directly to their residents were also obtained in this way. These numbers, in addition to the account numbers of the disposal facilities themselves (which are required to collect tax from self-haulers), comprised the basis for our estimates. Please refer to the attached explanation for a detailed description of the procedure.

We believe that the estimate is reasonable and accurate given the information available to the Department of Revenue. All taxable sales, including solid waste collection and disposal services, are reported on one line of the sales tax return. In the case of SCORE, for example, about 60 percent of the estimated sales tax revenue was remitted by parties already making sales tax payments before the SCORE tax took effect on January 1, 1990. These other taxable sales include dumpster leasing by commercial haulers, utility services provided by municipalities, and so forth. Neither the tax return nor the remittance processing system is presently able to break out the tax from specific products or services a vendor may sell. These restrictions reflect

the fact that the general sales tax system is not designed to function as a user fee or an excise tax on specific sales transactions.

Given the difficulties in identifying SCORE taxpayers who will enter or leave the sales tax system over time and in segregating SCORE tax collections, we believe there are two more effective alternatives for accounting for the SCORE tax. One is to make a general estimate from available data on per capita waste generation and average or typical collection and disposal costs. The second is to establish a separate reporting of the tax.

In the Department's current processing environment, the lowest-cost method for a separate accounting is to have the SCORE tax reported on a separate tax return. This is the procedure we use to collect the Minneapolis and Rochester local sales taxes. Using a separate return would entail a first year cost of \$220,000 and an ongoing annual cost of \$48,000. As with the local taxes, the development and administrative costs would be paid for from the proceeds.

The Department of Revenue is currently changing and upgrading its processing systems. We hope in time to have the flexibility to process extra lines or special features on the various tax returns. A separate form, therefore, is currently the best option for an exact accounting of the SCORE sales tax. Please note that a separate return would provide an exact accounting of the statewide total, not a breakdown by county or other locality. The sales tax system can only identify the location of businesses remitting the tax and not the location of their customers.

Finally, I want to acknowledge the excellent assistance we received from the Office of Waste Management in preparing this report. Their expertise and cooperation were most helpful, and we look forward to continuing to work with the Waste Management staff on the SCORE program.

Attachments: 1) Explanation of estimate
2) Samples of survey documents
3) Sales tax fact sheet on waste collection and disposal services



STATE OF MINNESOTA

DEPARTMENT OF REVENUE

EXPLANATION OF SCORE SALES TAX ESTIMATE

A. Introduction

The 6% state sales tax on solid waste collection and disposal service took effect on January 1, 1990. The SCORE legislation required the Commissioner of Revenue to estimate the revenue from this tax for fiscal years 1990 and 1991.

There were two approaches considered in making this estimate. The first was to make a revenue estimate based on information regarding the volume of waste generation and trends in collection and disposal costs. The second possibility was to base the estimate on actual tax remittance figures. At a strategy meeting in May 1990 between staff from the Department of Revenue (DOR) and the Office of Waste Management, the decision was made to derive an estimate using the payment histories of the parties collecting and remitting the tax.

B. Methodology

1. Identification of Taxpayers

There are three main groups that remit the SCORE sales tax: commercial haulers, disposal facility operators, and local units of government. Disposal facilities are involved because self-haulers (those not providing service for compensation, such as private households) must pay sales tax on the tipping or disposal fee if a fee is charged. Local governments can be involved in several ways. Many cities bill their residents and collect the tax for the cost of waste collection services that are provided either by the city itself or under contract with a commercial hauler. Cities, counties, and special local authorities may operate disposal facilities and collect the tax on fees charged to self-haulers or assess themselves the tax based on the cost of operating the facility if no disposal fees are charged.

All persons remitting sales tax to the state have an account number with DOR. However, the name that the account number is under very often is not the "doing business as" name of the particular concern. For example, the account number for XYZ Rubbish Removal could be under the name of Alice B. Smith, the owner. The difficulty of linking business names with account numbers prevented using a list of active waste hauling companies to identify sales tax payments.

An alternative to identifying taxpayers was provided by the method used to administer the SCORE tax. In order to avoid double taxation, commercial haulers, municipalities, and other local entities that collect sales tax on charges to their customers or citizens must file a special exemption certificate with disposal facilities. The certificates include the taxpayer's sales tax account number. Therefore, a survey was conducted requesting copies of these exemption certificates from all disposal facilities in the state. Also requested were the account numbers under which the disposal facilities remit the sales tax collected from self-haulers. The account numbers of the parties paying the SCORE sales tax were compiled from this information.

The remittance histories of the SCORE taxpayer account numbers for the four quarters of calendar year 1989 and the first three quarters of calendar year 1990 were obtained from the state sales tax master file. There were two types of account remittance histories: those new to the system in 1990, and those that had made sales tax payments prior to 1990.

2. Calculation of SCORE Tax

(a) Commercial Haulers and Municipalities

FY 1990 Estimate: Accounts New in 1990. The first two quarters of calendar year 1990 comprised the portion of fiscal year 1990 (January through June) that the SCORE tax was in effect. For new accounts, the total amount remitted in these two quarters was assumed to be the SCORE paid in FY 1990.

1st Quarter 1990 Remittances
plus: 2nd Quarter 1990 Remittances

equals: FY 1990 SCORE Tax Estimate

FY 1990 Estimate: Accounts with Previous Remittance History. For accounts active before 1990, the amount remitted in the last two quarters of 1989 was subtracted from the amount remitted in the first two quarters of 1990. The difference was assumed to be the amount of SCORE tax paid. In effect, this procedure attributed any growth in sales tax payments over this period to SCORE collections.

(1st + 2nd Quarter 1990 Remittances)
minus: (3rd + 4th Quarter 1989 Remittances)

equals: FY 1990 SCORE Tax Estimate

FY 1991 Estimate. First, the total remitted under all account numbers in the last three quarters of 1989 was subtracted from the total remittances in the first three quarters of 1990.

(1st + 2nd + 3rd Quarter 1990 Remittances)
minus: (2nd + 3rd + 4th Quarter 1989 Remittances)

equals: Estimated Total SCORE Sales Tax Payment
History

The result of the subtraction was then processed as follows:

- 1) The estimated difference was multiplied by 1.5 to arrive at an annual amount.
- 2) The actual SCORE tax payments that were reported directly to DOR (e.g., the City of Cottonwood) were converted into annual figures and added to the annual amount calculated in step 1.
- 3) The total from step 2 was increased by 10% to account for payments by account holders not identified in the survey.
- 4) The figure resulting from step 4 was increased by 6.75%. The Tax Research Division's forecasting and simulation model of the Minnesota economy indicates this percentage as the projected growth for FY 1991 in the public utility sector, where waste hauling and disposal facilities are categorized in the Standard Industrial Classification.

The resulting figure is the FY 1991 SCORE sales tax revenue estimate for commercial haulers and municipalities.

(b) Solid Waste Disposal Facilities

The method used to estimate the SCORE sales tax remitted by disposal facilities is similar to the procedure used for commercial haulers, with one additional step.

The survey requesting sales tax account numbers sent directly to disposal facilities. This fact made it possible to request specific information about these taxpayers. The sales tax system does not break out the amount of tax from different kinds of sales. Therefore, the survey asked the disposal facilities to estimate the percentage of the sales tax they remit which represents charges to self-haulers. When a percentage was indicated, it was assumed that the percentage was the portion representing the SCORE tax in fiscal years 1990 and 1991.

FY 1990 Estimate: Accounts New in 1990, No Percentage Indicated.
The total tax paid in these two quarters equaled the amount attributable to FY 1990.

1st Quarter 1990 Remittances
plus: 2nd Quarter 1990 Remittances

equals: FY 1990 SCORE Tax Estimate

FY 1990 Estimate: Both New and Prior Accounts, Percentage Indicated.

1st Quarter 1990 Remittances
plus: 2nd Quarter 1990 Remittances

times: Percent Attributable to SCORE

equals: FY 1990 SCORE Tax Estimate

FY 1990 Estimate: Accounts with Previous Remittance History, No Percentage Indicated. The FY 1990 estimate was assumed to be the difference in the amount for the last two quarters of 1989 subtracted from the amount of the first two quarters of 1990.

(1st + 2nd Quarter 1990 Remittances)
minus: (3rd + 4th Quarter 1989 Remittances)

equals: FY 1990 SCORE Tax Estimate

FY 1991 Estimate. The method for estimating the SCORE tax paid by disposal facilities in FY 1991 is similar to the one used for commercial haulers.

- 1) For accounts new in 1990 where a percentage was not indicated, the amounts remitted in the first three quarters of 1990 were added.
- 2) For both new and prior accounts with a percentage indicated, the amounts remitted in the first three quarters of 1990 were added and multiplied by the percentage.
- 3) For accounts with a prior history where a percentage was not indicated, the total amount remitted in the last three quarters of 1989 was subtracted from the total remitted in the first three quarters of 1990. The difference was assumed to be the amount of the SCORE tax.
- 4) The total tax amount derived from the remittance histories was increased by 5% to account for payments by account holders not identified in the survey.

5) The adjusted total was increased by 6.75%.

The resulting figure is the FY 1991 sales tax revenue estimate for disposal facilities.

C. Revenue Estimate

	<u>FY 1990</u>	<u>FY 1991</u>	<u>Biennium</u>
Haulers/Local Government	\$4,914,000	\$24,092,000	\$29,006,000
Disposal Facilities	<u>\$69,000</u>	<u>\$173,000</u>	<u>\$242,000</u>
TOTAL	\$4,983,000	\$24,265,000	\$29,248,000

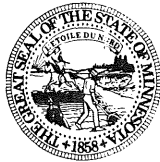
D. Summary and Conclusion

This study estimated the sales tax paid on solid waste collection and disposal services for fiscal years 1990 and 1991. The estimate was arrived at using actual sales tax remittances. The primary difficulty with this method is that the sales tax system does not identify the kinds of transactions on which the tax is computed. This fact poses no problem in the case of taxpayers whose only sales tax payments are for SCORE. However, approximately 60% of the estimated SCORE tax comes from account holders who were remitting sales tax before the SCORE program was enacted. In this situation, a comparison of the amounts paid before and after January 1990 was employed to estimate the dollars attributable to the SCORE tax.

Although a very good response was received from the survey of waste disposal facilities, it was evident that account numbers were not obtained for 100% of the parties involved with the SCORE tax. To compensate, the initial estimates for waste haulers and disposal facilities were increased by 10% and 5% respectively. These percentages were judged to be reasonable estimates of the sales tax dollars not derived from the remittance histories.

In conclusion, we believe the estimate to be a reasonable and accurate accounting of the SCORE sales tax. We acknowledge the limitations involved with basing the estimate on sales tax remittance histories. This is why, if an exact accounting is desired in future years, The Department of Revenue recommends the use of a separate tax system for SCORE.

Minnesota Department of Revenue
Tax Research Division
November 29, 1990



July 31, 1990

STATE OF MINNESOTA

DEPARTMENT OF REVENUE

Pine Bend Sanitary Landfill
2495 E. 117th St.
Inver Grove Heights, MN 55075

Dear Taxpayer:

Chapter 1, Article 19 of the Laws of Minnesota, 1989 First Special Session, requires the Department of Revenue to estimate the total revenue from the sales tax on solid waste collection and disposal services. Most of the proceeds from this tax will be returned to all Minnesota counties to fund waste reduction and recycling programs. To enable us to make the most accurate estimate possible, we are requesting additional information from transfer stations, resource recovery, and landfill facilities throughout the state.

To help us identify businesses involved with waste collection and disposal, we are asking that you provide us with copies of the Commercial Hauler's Exemption Certificates, form ST-10 (sample enclosed), that have been filed with the facility or facilities that you operate. (If any of your facilities has now been closed, we ask that you provide us with the requested information if the facility was operational at any time in 1990.) Also, we ask that you list the names of the commercial haulers from whom you expect to receive an exemption certificate but who have not yet filed one with you. This information will help us to compile a comprehensive list of the businesses collecting the tax.

If you charge sales tax to self-haulers at your facility, please provide us with the sales and use tax account number on which you report that sales tax. If the sales tax total reported under that particular account number includes taxes other than the tax on waste collection and disposal, please estimate the percentage of the tax that is attributable to waste disposal at your facility.

A response sheet is enclosed. Please provide the information requested on the response sheet and return it with copies of the certificates by Wednesday, August 15, 1990. A return envelope has been included for your convenience.

If the person to whom this letter is addressed is not the right person to answer the survey, please forward this letter and the enclosed materials to the appropriate person.

If you have questions about this survey or the revenue estimating procedures, please call the Tax Research office at (612) 296-3425. If you need further information concerning the sales tax on solid waste collection and disposal services, contact the Taxpayer Information office at: 296-6181 (Metro area) or toll free 1-800-657-3777 (Greater Minnesota).

Thank you for your cooperation. Your assistance will help us make an accurate revenue estimate and ensure that the waste reduction and recycling programs receive the proper amount of funds.

Sincerely,

Robert J. Cline

Robert J. Cline, Director
Tax Research Division

MINNESOTA DEPARTMENT OF REVENUE

PLEASE RETURN THIS SHEET WITH COPIES OF ALL COMMERCIAL
HAULER'S EXEMPTION CERTIFICATES (FORM ST-10) THAT HAVE BEEN
FILED WITH ALL FACILITIES THAT YOU OPERATE

Pine Bend Sanitary Landfill
2495 E. 117th St.
Inver Grove Heights, MN 55075

- 1) Do you remit tax on disposal by self-haulers?

Yes _____ No _____

If yes, please answer the following questions:

- a) What is your Sales and Use Tax account number?

- b) Does the sales tax reported under your account number include only sales tax on waste disposal by self-haulers?

Yes _____ No _____

If the answer is no, what percentage of the tax that you report do you estimate is paid by self-haulers at your facility/facilities?

_____ percent

- 2) Has any facility which you operated for any period of time in 1990 now been closed?

Yes _____ No _____

If the answer is yes, please write in the name(s) of the closed facility/facilities and the number of months it was operational in 1990:

Closed facility: _____ Operational _____ months in 1990.

Closed facility: _____ Operational _____ months in 1990.

(make additional entries below if needed)

- 3) Please list the names of commercial haulers that use your facility/facilities from whom you expect to receive an exemption certificate (form ST-10) but who have not yet filed the certificate with you.

Return to: Minnesota Department of Revenue
Tax Research Division
Mail Station 2230
St. Paul, Minnesota 55146-2230

Waste Collection and Disposal Service

Minnesota Department of Revenue • Taxpayer Information • Mail Station 4450 • St. Paul, MN 55146-4450
Phone: Twin Cities (612) 296-6181; elsewhere, call toll-free: 1-800-657-3777

Public and private mixed municipal solid waste collection and disposal services are subject to the 6 percent Minnesota sales or use tax beginning January 1, 1990.

Waste collection and disposal services are taxable whether charged directly to customers by private or public haulers or paid for through government imposed service fees or tax assessments. However, city or local general sales tax does not apply to solid waste collection or disposal services. Revenues from this tax will be used for funding solid waste reduction and recycling programs.

"Mixed municipal solid waste" is defined in M. S. 115A.03, Subd. 21 as garbage, refuse, and other solid waste from residential, commercial, industrial and community activities which is generated and collected in aggregate. It does not include auto hulks, street sweepings, ash, construction debris, mining waste, sludges, tree and agricultural wastes, tires, lead acid batteries, used oil, and other materials collected, processed, and disposed of as separate waste streams. Other items not considered mixed municipal solid waste are construction and demolition waste, major appliances (white goods), and recyclable materials.

Waste collection service providers

The party who bills the customer for waste collection services is responsible for collecting and remitting the sales tax to the state of Minnesota.

Commercial Haulers

Commercial haulers who provide waste collection services and bill their customers must collect and remit the sales tax to the state of Minnesota.

Governmental Entities

Governmental entities who provide waste collection services with their own vehicles, or subcontract for the services through a hauler, and bill the citizens must collect and remit the sales tax.

Governmental entities that purchase these services on behalf of their citizens but do not bill the citizens specifically for the waste collection services must pay sales tax on the purchase.

For example:

A municipality hires a hauler to provide waste collection services. The costs for providing the services are included in its citizens' property tax bill, and are not billed separately. In this situation, the municipality must pay sales tax to the hauler on the charges for providing the waste collection services.

If the amount paid by the governmental entity for waste collection services is in excess of the amount charged to residents for the service, the governmental entity is responsible for paying the 6 percent sales or use tax on the difference.

Examples:

A municipality hires a hauler to provide waste collection services. Half of the cost for providing that service is billed as waste collection services on the citizens' quarterly water bills and the other half is included as a part of their property taxes, but is not stated separately on the property tax bills.

In this situation, the municipality must charge sales tax on the charge for waste collection services on the citizen's quarterly water bill, and must also report the other half of the cost of providing that service as a "purchase subject to use tax" on its sales and use tax return filed with the state of Minnesota.

In determining the costs for providing the service, the municipality must include all direct and indirect expenses relating to waste collection and disposal. The municipality may purchase the services exempt from sales tax by providing the hauler with a properly completed Resale Exemption Certificate (Form ST-5).

A county owns its own landfill but does not charge haulers a tipping fee for disposing of the waste collected from the hauler's customers. The customer receives a bill from the hauler for the waste collection service, which is taxable. The county pays the costs of running the disposal facility either through a tax assessment, or by billing the citizens a service fee.

The county is responsible for reporting and paying use tax directly to the state of Minnesota based on the cost of providing the disposal service, unless the citizens are billed specifically for the cost of waste disposal services.

In determining the cost of providing the service, the county must include all direct and indirect expenses relating to providing the disposal service. If citizens are billed for the cost of waste disposal services, the charge to the citizens is taxable. *Note:* If the county bills the cost as a "service fee," there must be an indication on the citizen's bill that the service fee is for the cost of waste disposal service.

Landfill and Transfer Station Operators

Landfill and transfer station operators are required to collect and remit sales tax on charges to self-haulers, including commercial and industrial customers and individual customers, for disposing of mixed municipal solid waste. Charges for disposing of items such as

construction and demolition waste, recyclable materials, and major appliances that are not included in the definition of mixed municipal solid waste are not taxable, provided these items are separated by the customer.

Commercial haulers who provide the landfill or transfer station operator with a properly completed Commercial Hauler's Exemption Certificate, **Form ST-10**, are exempt from paying sales tax on tipping fees, since the haulers will be billing their customers sales tax on the collection and disposal services. A sample exemption certificate is attached, which may be reproduced as needed to give copies to the facility operator.

Customers required to pay sales tax

All customers, except the Federal government, are required to pay tax on garbage collection services. This includes state and local government agencies, nonprofit organizations such as churches and nursing homes who are otherwise exempt from paying sales tax, and Direct Pay Permit holders. Therefore, haulers may not accept exemption certificates from customers in lieu of payment for the sales tax on the garbage collection services. However, sales to the Federal government and its agencies are exempt from sales tax when the agency is billed directly and payment is made directly by the Federal agency.

Determining the amount of sales tax

Some fees and charges are not subject to sales tax. These include separately stated surcharges imposed by a city, town, or county; landfill abatement fees; and costs for recycling and compost services. These charges must be itemized on the customer's billing. If these fees are not separately stated on the customer's billing, the entire charge to the customer is taxable.

The exemptions as provided in the law are:

1. Charges for collecting and managing recyclable materials that are separated by the waste generator (customer) from mixed municipal solid waste are exempt. "Recyclable materials" means materials such as paper, glass, metals, automobile oil, and batteries that are separated from mixed municipal solid waste for the purpose of recycling. Refuse-derived fuel or other material that is destroyed by incineration is not a recyclable material. The entire charge to the customer for garbage collection services is taxable when the customer does not separate non-taxable materials such as compost and glass from "mixed municipal solid waste."

To determine the amount to charge for collecting and managing recyclable materials, consider all costs directly related to the service. You may include administrative ex-

penses, wages, collection vehicles and other directly related costs. You may not deduct costs for collecting and managing recyclable materials from the taxable amount charged to your customers, unless they separate the recyclable materials from mixed municipal solid waste. In the event of an audit of your records, you must be able to substantiate the calculation of the fee and to show that it does not reduce the cost of collecting and managing mixed municipal solid waste below the actual cost of providing that service.

2. Surcharges or fees imposed under section 115A.919, 115A.921, 115A.923, or 473.843 are exempt. (These are surcharges and fees charged to operators of mixed municipal solid waste facilities by a county, city or town, and the metropolitan and greater Minnesota landfill abatement fees.)

3. Waste from a recycling facility that separates or processes recyclable materials is exempt from sales tax, provided the volume of the waste has been reduced by at least 85 percent. To qualify, the waste exempted must be collected and disposed of separately from other solid waste. "Recycling facilities" are those where recyclable materials are separated or processed for the purpose of reusing the materials in their original form or using them in manufacturing processes that does not cause the destruction of the recyclable

materials in a manner that precludes further use. An example of a qualified recycling facility is a facility that produces insulation from used glass. Resource recovery facilities where solid waste is processed for the purpose of extracting, reducing, converting to energy, or otherwise separating and preparing solid waste for reuse are not included in this exemption.

Methods of accounting

You can use either the cash or the accrual method to report your sales.

Under the **cash** method of accounting, sales tax is reported on the return for the period in which payment is received from your customer. Using the

accrual method of accounting, all sales are reported on the return for the period during which the sales are made, regardless of when you receive payment from your customers. Under the accrual method of accounting, you can claim a deduction for bad debts (sales that were reported on a previous return for which you are unable to collect from your customers) on your sales and use tax return.

Although not mandatory, we suggest that you use the same accounting method for reporting gross sales on your sales and use tax return as you use for income tax purposes. If you are already registered to collect sales tax for other items or services, continue to use the method of accounting that you

Billing options

In order for non-taxable charges to be exempted from sales tax, they must be separately stated on your customers' billings. If you elect to charge your customers a lump sum fee for waste collection and disposal services, the entire charge is taxable. Below are some sample billings and proper application of sales tax in each case:

Lump sum bill:

Garbage collection and disposal fee	\$35.00
Minnesota sales tax (6 percent)	<u>2.10</u>
Total amount due	\$37.10

Itemized bill:

Garbage collection and disposal fee	\$29.00
Minnesota sales tax (6 percent)	1.74
Surcharges and abatement fees	2.00
Recycling and compost services	<u>4.00</u>
Total amount due	\$36.74

-or-

Garbage collection and disposal fee	\$29.00
Minnesota sales tax (6 percent)	1.74
Non-taxable fees and services	<u>6.00</u>
Total amount due	\$36.74

are currently using to report your sales. If you were not previously registered to collect sales tax, you may elect to use either the cash method or the accrual method of accounting for reporting your sales.

If you wish to change accounting methods, you must request permission from the Commissioner of Revenue before making the change. To obtain permission, send a letter to the Commissioner of Revenue stating the reasons for wanting to change filing methods and showing that the change will not prevent or make an audit of your records difficult.

Sales tax permits

If you already have a sales tax permit, you do not need to apply for a new one. However, if you haven't made taxable retail sales before, you must fill out an application for a sales tax permit. Call or write the Taxpayer Information Division to get an application, Form MBA. File the completed application with the Minnesota Department of Revenue, and we will send you a sales and use tax permit and a packet of information about collecting and reporting the sales tax. Even if you already have a state tax identification number for withholding or corporate income tax, you will need to fill out a new form to have the number activated for sales tax collections.

Reporting requirements

When applying for a sales and use tax permit, you may request to have your account set up on either a monthly or quarterly filing basis, depending on the amount of sales tax you expect to have due. If your estimated sales tax collections will average more than \$250 per month, you must apply for monthly filing. If you estimate your tax collections will average less than \$250 per month, you may apply for quarterly filing. If your sales tax collections will be less than \$25 per month, you may request to have your account set up on an annual filing basis by contacting the Taxpayer Information Office at the telephone number listed below. If you wish to change your filing status at a later date, contact the Taxpayer Information Office.

Sales and use tax returns are due the 20th day following the end of the reporting period. For example, a sales tax return for the month of January is due on February 20th; a quarterly sales tax return for January through March is due April 20th.

Local sales taxes

Garbage collection services are not subject to local sales or use tax. Therefore, you are not required to register for the local sales taxes unless you make other taxable sales, such as sales or leases of trash containers.

If you were making sales of taxable items prior to this law

change, you should already be registered to collect Minnesota sales tax (and local sales taxes, if you are doing business in the cities of Minneapolis, Rochester, or Duluth).

The Minnesota Department of Revenue administers the local sales taxes for Minneapolis and Rochester. If you are required to register to collect taxes in the cities of Minneapolis or Rochester, contact the Taxpayer Information Office for forms and instructions. For information about the Duluth city sales tax, contact the city of Duluth directly: Duluth Sales Tax, 105A City Hall, Duluth, MN, 55802, Telephone (218) 723-3271.

Collecting the sales tax

Garbage collection services are taxable beginning January 1, 1990. Even if you have already billed for months after December 1989, you must bill those customers for sales tax on services that will be performed starting January 1, 1990. If you use a coupon billing system and the coupons go into 1990, you must bill those customers for sales tax on services that will be performed in 1990.

For more information

Write to:

Minnesota Department of Revenue, Taxpayer Information Division, Mail Station 4450, St. Paul, MN 55146-4450

Or call: 296-6181 in the Twin Cities; elsewhere, call 1-800-657-3777 (toll free).

ST-10
11/89

Commercial Hauler's Exemption Certificate

I, the undersigned purchaser, hereby certify that I am engaged in providing waste collection and disposal services for compensation, and that the disposal fees paid to

Disposal site _____

Address _____

City _____ State _____ Zip code _____

are exempt from Minnesota sales tax for the following reason:

- ☐ I collect and remit sales tax to the state of Minnesota on charges to my customers for waste collection and disposal services.
- ☐ I provide waste collection and disposal services to a city or municipality that collects sales tax from its citizens on charges for those services.

Check applicable box:

☐ Single purchase certificate ☐ Blanket certificate

If blanket certificate is checked, this certificate continues in force until cancelled by the purchaser.

***PENALTY.** The law provides that any person who gives an exemption certificate for property that will be used for purposes other than that for which the exemption claimed with the intent to evade payment of sales tax to the seller shall be subject to a penalty of \$100 for each transaction where an improper use of an exemption certificate has occurred. (MSA 297A.121.)*

Authorized purchaser, sign below:

Name

Title

Date

Purchaser's name

Address

City

State

Zip code

Purchaser's sales and use tax account number (if no number, state reason)

***Sellers must keep this certificate as a part of their records.
Incomplete certificates cannot be accepted in good faith.***

Form ST-1
(REV. 11/89)

MINNESOTA SALES AND USE TAX RETURN

See instruction booklet for use of information statement
and directions for completing return.

No sales or purchases?
Write "none" on 1 and 4,
sign and return

Mail to: Minnesota Sales and Use Tax, St. Paul, MN 55146-1120
PHONE: (612) 296-6181 or toll free - 1-800-657-3777

IF OUT OF BUSINESS, check here ☐ and return permit.
DATE BUSINESS CLOSED:

MAILING
ADDRESS

Sales & Use Tax
Account Number

Period of Return

Date Due

1	Gross Sales (Include Liquor)	◆		
2	Deductions (from line 27)	◆		
3	Net sales (Line 1 minus line 2)			
4	Purchases subject to use tax	◆		
5	Total (Line 3 plus line 4)			
6	Sales/Use Tax (6% of line 5)	◆		
7	Liquor Sales	◆		
8	Liquor Tax (2.5% of line 7)	◆		
9	Total Tax (Line 6 plus Line 8)	◆		
10	A. Penalty	◆		
	B. Interest	◆		
11	Adjustments - attach explanation	◆		
12	Total amount due	◆		

I declare, under the penalties of perjury and criminal liability for wilfully making a false return,
that this return is true and complete to the best of my knowledge and belief. I confess judgment
to the State of Minnesota for the tax due, if not timely paid.

Signature _____ Date _____
Title _____ Phone _____

Make Check Payable to Commissioner of Revenue

For department use

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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WHEN TO FILE — Returns must
be filed within 20 days following
the close of the period for which
the return is filed.

YOU MUST COMPLETE lines 13 through 27 below if you
have deductions. List the total from line 27 on
line 2 on the front of the return.

Check Accounting Method
used in Reporting Gross Sales
☐ CASH ☐ ACCRUAL

DEDUCTIONS

13	Sales for Purpose of Resale		
14	Sales to Exempt Organizations		
15	Sales of Materials for use in Agricultural or Industrial Production		
16	Sales in Interstate Commerce		
17	Sales of Motor Vehicles		
18	Sales of Food Products		
19	Sales of Clothing and Wearing Apparel		
20	Sales of Gasoline		
21	Bad Debts (Only when on an accrual basis)		
22	Other Authorized Deductions (List Separately)		
23			
24			
25			
26			
27	TOTAL DEDUCTIONS (Enter on line 2) Cannot be greater than the amount on line 1		