

County Environmental Charge (CEC) Guidelines for Solid Waste Haulers Licensed by Ramsey County

Revised January, 2014

These Guidelines are designed to help companies that collect and transport mixed municipal solid waste (MSW) to correctly charge, collect, report, and remit the County Environmental Charge (CEC) from customers in Ramsey County. The guidance provided here addresses the most commonly asked questions about the CEC. Ramsey County will continue to update these guidelines as new issues arise.

If you have any questions about these Guidelines or any part of the CEC, or you would like to receive a written copy of the Guidelines, please contact Joe Wozniak, Saint Paul – Ramsey County Public Health, Environmental Health Section, at 651-266-1187, or by email at joe.wozniak@co.ramsey.mn.us.

The Guidelines are arranged as follows:

	<u>Page #</u>
1. What is the CEC?	1
2. CEC Rates	2
3. Who pays the CEC?	3
4. On what solid waste services does the CEC apply?	4
5. What services are exempt from the CEC?	4
Table 1 - Itemized Guide to Applying the CEC	6
6. CEC Billing Requirements for Haulers	7
7. CEC Billing and Special Circumstances	8
8. CEC Reporting and Remittance	15
9. Recordkeeping and Audits	18
10. Informing your customers about the CEC	19
11. CEC Contact Information for Haulers	19

1. What is the CEC?

The County Environmental Charge (CEC) is a hauler-collected service charge assessed on costs to manage waste generated in Ramsey County that is disposed as Mixed Municipal Solid Waste (“MSW;” also referred to as trash, garbage, refuse, etc.). The “County Environmental Charge” must appear as a separate line item on customer bills for MSW service, and applies to costs associated with:

- Collection of MSW;
- Transportation of MSW;
- Processing or disposing of MSW, or any material disposed as MSW;
- Equipment and container rental and/or leasing;
- Fuel surcharges or trip charges;
- Charges for extra waste or extra pickups;
- Administrative charges; and
- Special services like door-side service.

Beginning in 2003, the CEC replaced the County's Waste Management Service Charge, which had appeared on annual property tax statements starting in the mid-1980's. Ramsey County had created the waste management service charge to generate revenues for solid waste programs and services such as recycling, management of household hazardous waste, yard waste, planning, public education, and other activities. With the CEC, the County created a service charge that was based on waste volume (instead of a flat fee), and was designed to provide consumers with a more visible and direct incentive to reduce waste, and increase recycling, composting, and other waste reduction methods. The CEC is the main source of funding for Ramsey County's solid waste programs.

2. CEC Rates

The Ramsey County **residential** CEC rate for 2014 is **28%**. This rate is charged on the cost of MSW services provided to residential properties in Ramsey County. Residential properties include:

- Single-family homes;
- Duplexes, triplexes, four-plexes;
- Apartment buildings;
- Condominiums;
- Town homes;
- Cooperative housing;
- Student housing; and
- Any other building determined by the County to be a residential building.

The Ramsey County **non-residential** CEC rate for 2014 is **53%**. This rate is charged on the cost of MSW services provided to all other types of property that are not residential. Examples include businesses, government facilities, religious and non-profit institutions, and all other non-residential entities.

Please note that the CEC rate can change from year to year. ***Haulers should always be prepared to administer the CEC under a different rate.*** This is particularly true when billing the CEC on services provided during a period that begins in one year and ends in the next.

The County sets the CEC rates based on two things: the County Solid Waste program budget, and the hauler (and transfer station) revenue base that is subject to the CEC. The County sets the rates once the County Commissioners approve the Solid Waste program budget, and the County has a reasonable estimate of hauler revenues for the coming year. The County will notify you of any rate changes as soon as we have information to share.

If the County does change the CEC rates, hauler bills or invoices that cover services that began in one year and ended in the next would need to show either a) the two different CEC amounts based on the respective MSW charges and CEC rates for each year; or b) one County Environmental Charge that adds together the two respective CEC amounts based on the respective MSW charges and CEC rates for each year.

3. Who pays the CEC?

Without exception, all customers located within Ramsey County must pay the CEC on the cost of MSW services. Because Ramsey County includes several communities that extend into neighboring counties, haulers must ensure that they have correctly identified the county in which the waste was generated prior to assessing the CEC. To assist with this task, please note the following:

All customers in these cities should be charged the **Ramsey County CEC**:

Arden Hills	Maplewood	Roseville
Falcon Heights	Mounds View	Saint Paul
Gem Lake	New Brighton	Shoreview
Lauderdale	North Oaks	Vadnais Heights
Little Canada	North St. Paul	White Bear Township

The following four cities are *partially* in Ramsey County. Only MSW customers located in the Ramsey portions should be charged the Ramsey County CEC:

- **Blaine:** A very small portion south of County Rd. J/85th Ave., generally an industrial area, is in Ramsey County; the rest of Blaine is in Anoka County;
- **Spring Lake Park:** A very small portion east of Pleasant View Drive and south of Highway 10, containing about 40 households, is in Ramsey County; the rest of Spring Lake Park is in Anoka County;
- **St. Anthony:** About one-third of the city that is north of 37th Ave. is in Ramsey County; the rest of St. Anthony south of 37th Ave. is in Hennepin County; and
- **White Bear Lake:** All of the city west of Century Ave., which is nearly the entire city, is in Ramsey County; the portion of White Bear Lake east of Century Ave. is in Washington County.

If you would like to receive a map of Ramsey County to help determine in which county your MSW customers are located, please contact the Ramsey County Environmental Health Section at 651-266-1199 to request a copy. For a specific address, here are two resources that will identify the county of an address:

- The **US Postal Service** web site, at <http://zip4.usps.com/zip4/welcome.jsp>, shows the county for a given street address and ZIP Code; and
- The **Ramsey County Department of Property Records and Revenue** (651-266-2000) can determine if a particular address is located in Ramsey County.

If you have any customers who believe they are exempt from the CEC, you are still required to charge the CEC. Please refer the customer to Ramsey County Environmental Health (see item 11 on page 19) for additional assistance.

4. On what solid waste services does the CEC apply?

The Solid Waste Ordinance requires licensed haulers to charge the CEC on the sales price of the “**collection, transportation, processing, or disposal of Mixed Municipal Solid Waste (MSW) generated in Ramsey County.**” This includes, but is not limited, to:

- Regularly scheduled service;
- On-call service;
- Roll-off service;
- One-time (e.g., home clean-out) service;
- Rental and other use of equipment such as containers, compactors, compactor boxes, and the like; and
- Any other service that involves or facilitates collection, transportation, processing or disposal of waste materials as MSW. **This includes C & D loads mixed with and/or delivered to an MSW disposal facility.**

All costs associated with management of MSW that appear on the customer's bill are subject to the CEC, including such costs as:

- Fuel surcharges;
- Trip charges;
- Tipping fees;
- Equipment* rental or leasing charges;
- Charges for picking up extra waste or bulky items (e.g., mattresses, furniture);
- Administrative charges (e.g., cancelled check fee, account set-up fee, late fee charged to a customer, etc.); and
- Any other charge associated with providing MSW service.

** For equipment used to collect, transport, process, dispose of, or otherwise manage MSW. This would include items such as compactors, compactor boxes, roll-offs, or other containers used to store MSW. Trip charges to service a compactor, and any other service for which the customer is billed to manage MSW, are subject to the CEC. However, the sale of equipment such as compactors is not subject to the CEC.*

Note: Any costs associated with the pick-up of an **empty** waste container (e.g., for a customer who has closed their hauler account, etc.) are not subject to the CEC. This includes any fuel surcharges, administrative costs, etc. that are part of an empty waste container pick-up fee.

Also see **Table 1** for an itemized list of services and costs to which you should or should not apply the CEC.

5. What services are exempt from the CEC

The CEC should not be charged on the sales price to collect, transport, or manage waste that is defined in the Solid Waste Ordinance as not being MSW. This "non-MSW" would include C & D waste, industrial waste, or infectious/medical waste when these materials are managed as separate waste streams. Although these non-MSW waste streams are subject to the State's Solid Waste Management Tax, these waste streams are not subject to the CEC as long as they are not managed as or with MSW at a disposal facility. If any non-MSW is managed as MSW, then the CEC would apply to the cost of disposal, etc.

The CEC should not be charged on the sales price to collect, transport, or manage materials that are segregated by the generator for the purpose of

recycling or composting, and that are delivered to an appropriate recycling or composting facility identified as such by Ramsey County.

The following materials would be exempt from the CEC if collected and managed separately from MSW through recycling or composting at facilities approved by Ramsey County:

- Recyclable paper materials such as office or household paper, cardboard, phone books, etc.;
- Glass or plastic bottles;
- Metal cans and scrap metal;
- Food waste used as livestock feed or composted;
- Source-separated compostable materials such as non-recyclable paper
- Yard waste, tree and shrub waste banned from MSW; and
- Appliances, tires, consumer electronics, batteries, and other items banned from MSW.

Ramsey County will consider, on a case-by-case basis, whether or not the costs to manage these materials are exempt from the CEC. Please contact Joe Wozniak at 651-266-1187 to discuss proposed management plans and conditions for approval *before* you begin collecting material.

Other costs exempt from the CEC:

- Charges associated with the pick-up of an **empty** waste container (e.g., for a customer who has closed their hauler account, etc.). Note that if the container is **not** empty, any cost to pick-up that container for a customer who has closed their hauler account **is** subject to the CEC;
- Taxes, fees, or charges imposed by a unit of government, including the State Solid Waste Management Tax (SWMT), and pass-through costs of street permit fees for waste containers; and
- The cost to purchase equipment used to collect, compact, store, transport, or otherwise manage MSW or any other waste materials.

Table 1 presents an itemized list of services, the costs for which you should/should not apply the CEC.

6. CEC Billing Requirements for Haulers

As stated earlier, the CEC is a service charge paid by anyone who generates MSW in Ramsey County. Haulers must bill their customers the CEC, and each month haulers must pay to the County the CECs the hauler has either collected or billed and provide a CEC report. At the beginning of each calendar year, the County mails monthly CEC report forms to each licensed hauler and transfer station, along with pre-printed and postage-paid deposit envelopes.

Ramsey County has specific CEC billing requirements for haulers:

- Haulers must list the County Environmental Charge amount as **a separate line item** on each customer bill or invoice. The CEC must appear separately from the State's Solid Waste Management Tax (SWMT) on the bill;

TABLE 1
ITEMIZED GUIDE TO APPLYING THE CEC

Cost Item	Subject to CEC?	Guidelines Reference (Page and Topic number)
Administrative charges for MSW services	Yes	<i>Page 4, #4</i>
Compostable materials (e.g., source-separated organics, food waste)	Maybe	<i>Page 4, #5; Page 12, #7f</i>
Construction & demolition (C & D) waste	Maybe	<i>Page 4, #4; Page 4, #5 Page 10, #7d; Page 11, #7e</i>
Electronic wastes (TVs, computers, etc.; must be recycled)	No	<i>Page 5, #5</i>
Empty MSW container pick-up fee	No	<i>Page 4, #4, Page 5</i>
Equipment purchased or sold (containers, etc.)	No	<i>Page 4, #4</i>
Equipment rental and other use of equipment (containers, etc.)	Yes	<i>Page 3, #4</i>
Extra waste or special MSW pick-up charges	Yes	<i>Page 4, #4</i>
Fuel surcharges related to MSW collection	Yes	<i>Page 4, #4</i>
Home clean-out services when MSW is removed	Yes	<i>Page 4, #4; Page 10, #7c</i>
Industrial waste	Maybe	<i>Page 4, #4; Page 4, #5 Page 10, #7d; Page 11, #7e</i>
Major appliances (must be recycled)	No	<i>Page 4, #5</i>
Mattresses, furniture (when disposed as MSW)	Yes	<i>Page 4, #4</i>
Mixed MSW and C & D waste	Yes	<i>Page 4, #4</i>
MSW service (regular, on-call, one-time, etc.)	Yes	<i>Page 4, #4</i>
Other charges or services not listed but part of providing MSW service	Yes	<i>Page 1, #1; Page 4, #4</i>
Recyclable materials (must be recycled)	No	<i>Page 4, #5</i>
Roll-off services for C & D or Industrial Wastes	Maybe	<i>Page 4, #4; Page 10, #7d</i>
Roll-off services for MSW	Yes	<i>Page 4, #4; Page 10, #7d</i>
Taxes, fees, or charges imposed by a unit of government	No	<i>Page 5, #5; Page 6, #7</i>
Tipping fees for MSW	Yes	<i>Page 4, #4</i>
Trip charges related to MSW service	Yes	<i>Page 4, #4</i>
Yard waste (leaves, grass, brush; must be composted or recycled)	No	<i>Page 5, #5</i>

If you have a question about how the CEC should be applied, please contact the Ramsey County Environmental Health Section (see item 11 on page 19).

- **The bill or invoice must identify this amount as the “County Environmental Charge” and no other term;**
- Haulers must break out amounts billed for MSW services separately from those amounts that are exempt from the CEC, so their customers can easily determine how you the hauler calculated the CEC. In addition, when the County arranges for an audit of a hauler’s administration of the CEC, the County must be able to clearly identify which charges are subject to the CEC on any particular bill to a customer;
- Haulers must collect **both the CEC and the State’s SWMT**. But, unlike the SWMT, the CEC applies only to MSW services. (Haulers must also break out the SWMT on bills, but this is a State—not County—requirement); and
- **Haulers must charge the CEC to all MSW generators in Ramsey County. There are no exceptions, even for customers who may be exempt from the State’s SWMT.** These can include:
 - Facilities designated as “recycling facilities.” Even if processing residuals are exempt from the SWMT, ***if those residuals are managed as MSW, that disposal cost is still subject to the CEC;***
 - Federal government facilities. While federal law exempts federal agencies from paying state and local taxes, the CEC is a solid waste service charge, not a tax; and
 - MSW customers that have multiple service locations, including some inside Ramsey County and some outside the County. Only the cost of service provided to those sites located in Ramsey County should be charged the Ramsey County CEC. If sites in other counties are also subject to a different county charge, the bill must list the Ramsey County CEC separately from that other county charge.

The CEC and other State or local facility taxes, fees, or charges. As a general rule, whatever is subject to the State’s Solid Waste Management Tax (SWMT) with regard to MSW services is also subject to the CEC. The County has tried to design the CEC to be as consistent as possible with how the State’s SWMT is assessed on MSW services. The County’s residential CEC will typically apply in the same circumstances as the State’s residential SWMT; and the County’s non-residential CEC will typically apply in the same circumstances as the State’s commercial SWMT.

In some cases there may be differences between how the CEC applies and how the State’s SWMT applies. Please contact Ramsey County if you ever have a question about how the CEC would apply in a given situation.

Taxes, fees, or charges imposed by a unit of government are exempt from the CEC. Likewise, the CEC is not subject to the State’s tax.

7. CEC Billing and Special Circumstances

Since the start of the CEC in 2003, a number of questions have come up about applying the CEC to “free” or discounted service, or to the cost of MSW services other than the “regular” service (e.g., weekly, bi-weekly, etc.) offered by MSW

haulers. This section describes how a hauler should bill the CEC for the following:

- a. **“Free” or discounted MSW service;**
- b. **Mixed use (residential and non-residential) properties;**
- c. **Clean-out (“junk haul”) services;**
- d. **Roll-off container services;**
- e. **“Contaminated” construction/demolition waste or industrial waste;**
- f. **Source-separated organic material;**
- g. **MSW brokers;**
- h. **Paying CECs directly to the County;**
- i. **Municipal contracts for residential MSW collection service; and**
- j. **Municipal MSW services.**

a. **CECs on “free” or discounted MSW service.**

Some haulers will occasionally offer “free” service in return for a customer entering into a service agreement. Typically this incentive is used as a marketing tool, almost exclusively for residential customers. The County strongly advises that any hauler offering free or discounted service require these customers to enter into an agreement for service for a period of time adequate to establish a sustainable financial relationship with the customer.

The Solid Waste Ordinance requires that the CEC be calculated on the *fair market value*, not on a price resulting from free or discounted service. For the purpose of collecting the CEC, the County regards “fair market value” as *“the sustainable price that a waste hauler is willing to accept for mixed municipal waste services sold a willing buyer on the open market.”* A key element of this definition is the term “sustainable,” which means there is a specific time period during which the customer agrees to retain services from the hauler and pay for the services billed.

Ramsey County wishes to ensure that haulers have a sustainable financial relationship with their customers, and will bill and remit CECs based on the fair market value of the service they provide. Accordingly, the County requires haulers that offer “free” service to customers to have in place a policy whereby those customers must first remit payment for service prior to receiving free or nominally priced service. Without this approach, customers are in a position to take advantage of “free” or nominally-priced service before making enough of a payment to the hauler to cover the fair market value of that service.

To assure compliance with the CEC-related requirements of the Solid Waste Ordinance, Ramsey County will routinely conduct audits of each hauler’s business records. One of the issues evaluated in the audit is whether the CEC has been applied to the “fair market value” of MSW services, as required in the Ordinance. To comply with the Ordinance, haulers must be able to show how a sales price charged to customers reflects the fair market value of the service the hauler provides, and must provide examples of contracts or

policies that state a customer may receive free service only as part of a long-term arrangement or have paid for at least a portion of service in advance.

b. Charging the CEC for mixed use properties.

In general, the CEC rate (residential or non-residential) should be the same category as that used to assess the State's Solid Waste Management Tax. For most mixed-used properties, the State and the County expect the residential waste to be collected separately from the commercial waste and the appropriate CEC rate applied to each, as follows:

- If the generator is billed the residential SWMT rate for MSW services, then bill the County's residential CEC rate of 28%.
- If the generator is billed the commercial SWMT rate, then assess the County's non-residential CEC rate of 53%.
- If both residential and commercial wastes are collected together, then the non-residential CEC rate of 53% applies.

An exception to the above may be a home-based business. The State applies the commercial SWMT tax rate to home-based businesses. However, the CEC would be charged at the residential rate if the business activity occurs within a residential building.

If a customer generates MSW from business activity in a building other than the residence (such as a separate structure located on the residential property), the customer must pay the non-residential CEC rate on that MSW. If the residential waste from the home on that property is put in the same container as the MSW from the separate building housing the business, the customer would pay the non-residential rate on both the residential and commercial MSW. In order for the customer to pay the residential CEC rate on the residential MSW, the residential MSW must be collected separately from the commercial MSW. This is consistent with how the State's tax is applied.

If you have any questions about whether a CEC rate should be interpreted differently for a particular customer, please contact Ramsey County.

c. CECs for clean-out services.

Some haulers provide services related to one-time clean-outs (i.e., "junk hauling"), where labor and other services are provided in addition to collection containers/drop boxes, transportation, and disposal services to manage MSW removed from a property. CECs for the services involved in this kind of work are based upon how they are billed:

1. If the MSW management portion of that service is separately itemized from other billed services, the CEC would be assessed only on the amount billed for MSW services. (Other billed services might include such things as labor to remove material from a building or property and placing it into a waste container, cleaning, boarding up buildings, etc. These other services—if itemized on the bill separately from amounts charged for managing MSW—are not considered MSW management and would not be subject to the CEC.) MSW management includes the actual

- waste disposal tipping fees paid plus all related collection and transportation costs; or
2. If MSW services (e.g., disposal cost, on-site labor, etc.) are not itemized separately on the bill, the junk hauler must bill the customer a CEC based on the entire amount billed for abatement/clean-out services; or
 3. If a clean-up company elects to not bill the customer the CEC on the invoice for service, they must report and remit CECs to the County based on the cost to dispose (e.g., tip fee) of MSW collected from all customers located in Ramsey County during a report month, using the appropriate CEC rate for residential or non-residential customers.

It is up to the company to decide if it will bill the CEC on customer invoices (items 1 and 2 above), or if it will not bill the customer but instead remit the CECs to the County on the cost of MSW disposal (item 3).

d. CECs for roll-off container services.

The **type of waste** in the container and **how that waste is managed** at the facility to which it is delivered determine whether or not the CEC is to be assessed. You must charge the CEC if the waste in the roll-off is MSW or if the waste is managed as or disposed with MSW.

All amounts billed for servicing a roll-off which contains waste managed as MSW are subject to the CEC, including any trip charges, fuel surcharges, disposal/tip fees, box rental charges, administrative charges, and all other costs to collect, transport, process, and dispose of that waste. On the other hand, any state or local government taxes, charges, or fees—such as street permit fees—are exempt from the CEC.

The CEC does not apply if the waste in the container is:

- Construction or demolition (“C & D”) waste managed separately from MSW at a C & D waste facility or other non-MSW disposal facility;
- Industrial waste managed separately from MSW at an industrial waste facility or other non-MSW disposal facility;
- Separated material, such as cardboard, metals, scrap plastic, clean wood, or other material that is taken to a recycling or reuse facility and recycled or reused; or
- Separated compostable or organic material, such as food waste or yard waste, that is taken to and composted at a facility that meets the County’s criteria for a source-separated organic composting facility.

All haulers are required to collect and remit the CEC on the cost of MSW services they provide to customers in Ramsey County. At this time, Ramsey County requires any hauler (a person or a company) to have a Regional Mixed Municipal Solid Waste (MSW) Collection and Transportation Operating License only if they are collecting MSW, including mixed loads containing MSW and non-MSW. Companies that haul only C & D waste, recyclables, or compostables/separated organics are not required to have an MSW License.

However, if a person or company provides a roll-off container to a customer for the purpose of hauling away only C & D waste, recyclables, or compostables, but in fact hauls away MSW (or mixed MSW and non-MSW) or delivers the waste to a facility that manages it as MSW, then an MSW Operating License **is** required, and that person or company must bill, collect, and remit the CEC on the cost of that service, as required by the Ordinance for MSW loads.

If you are aware of someone who is hauling MSW in Ramsey County but is not licensed to do so, or if you know of a licensed hauler that is not charging the CEC properly, please contact the Ramsey County Environmental Health Section (see item 11 on page 19).

e. CECs for “contaminated” construction and demolition (C & D) waste or industrial waste.

The definition of MSW in the County’s Solid Waste Ordinance excludes materials that are “collected, processed, and disposed of as separate waste streams.” ***To be exempt from the CEC, Industrial Waste and C & D Waste must be deposited in a dedicated non-MSW landfill cell separate from cells that receive MSW.****

Disposal costs for waste that is considered Industrial Waste, C & D waste, or other “non-MSW,” but is mixed with MSW at the disposal facility, **is** subject to the CEC. This is true regardless of whether the waste is deposited in Minnesota or in another state, and regardless of any particular waste disposal and/or facility rules in place in that state.

If you have C & D waste that also contains MSW, you have two choices:

- See that the MSW is removed and separately managed; or
- Deliver the mixed load to a facility for disposal as MSW.

In both cases, the CEC would apply to the cost of managing waste as MSW. The hauler is ultimately responsible for billing the generator/customer for the cost of managing that MSW. The CEC must be applied to the billed cost for MSW services, whether the MSW is removed and separately managed, or if the whole contaminated load is managed as MSW.

Ramsey County strongly encourages you to make clear to your customers that, if they mix MSW with non-MSW in a container, you will have to dispose of the entire container as MSW and charge the CEC on that cost. For more information on how to “keep your C & D load clean,” visit the County web site at www.co.ramsey.mn.us/ph/li/construction_and_demolition_waste.htm.

* The dedicated landfill cell must have a leachate and landfill gas collection system separate from cells that receive MSW. In addition, the resulting invoice for services must indicate the delivery was accepted, charged, and categorized as Industrial or C & D Waste, and must show any applicable state or local landfill tax or surcharge for non-MSW, or the absence of a required state or local landfill tax or surcharge for MSW.

f. CECs for source-separated organic material.

Source-separated organic material (SSOM) can include fruit and vegetable scraps, peelings and seeds; cheese and dairy products; bones and scrap leftovers of meat and seafood; bread, rice, beans, pasta, coffee grounds, filters and tea bags; and non-recyclable paper (e.g., (napkins, towels, cups, plates, paper milk cartons, pizza boxes, etc.). These items can be composted at a facility approved to accept them, where the waste is turned into a rich soil amendment. The cost to collect and manage source-separated organic waste that is delivered to a composting facility and composted is exempt from the CEC, but you as the hauler must first obtain County approval of the exemption. That approval depends largely upon the County's determination as to whether the composting facility meets certain criteria. **You are strongly encouraged to contact the County to verify if a facility meets the County's criteria before collecting and delivering any source-separated organic waste to that facility.**

Costs to manage the following source-separated organics ARE subject to the CEC:

- MSW or source-separated organics and compostables delivered to an MSW composting facility (facilities approved to compost source-separated organic materials are not MSW facilities);
- Any source-separated organic material that is rejected by a composting facility due to contamination and as a result is managed as MSW; or
- Any source-separated organic material that is delivered to a facility that does not meet the County's criteria for a composting facility.

g. CECs and MSW brokers.

Some licensed MSW haulers provide MSW service but do not bill the customer—the person or company actually generating the waste—directly. Instead, the hauler collects and waste and then works with a third party to administer the customer account and bill the customer. (In addition to MSW collection, broker arrangements may also include services that may or may not be subject to the CEC.) A broker may also impose an additional fee—e.g., a “margin”—for providing brokerage services. Brokers may be another licensed hauler, or may be an out-of-state entity that is not licensed for MSW collection.

Several arrangements are described below to address the issue of the County receiving the full amount of CEC that should be imposed on MSW services paid by various parties involved in a brokering situation:

• For brokers that are licensed haulers:

- i. The hauler collecting the MSW bills the broker for waste collection without charging the CEC. The broker then bills their customer for MSW services, to include the MSW amount billed by the hauler and any “margin” the broker may charge. The broker bills the customer for CEC (including any margin, and as a separate line item as required by County Ordinance), and then reports and remits those CECs to the County; or

- ii. The hauler collecting the waste bills the broker for waste collection costs, including the CEC (as a separate line item as required by County Ordinance). The broker remits the CECs to the collecting hauler, which then remits those CECs to the County. The broker then bills the customer for the MSW service, the CECs charged by the collecting hauler, and any additional margin for providing the administrative (billing) services. The broker must calculate, and then report and remit to the County, the CECs that are charged to the customer on the margin; or
 - iii. The hauler collecting the waste bills the broker for waste collection costs, including the CEC. The broker bills the customer for the MSW and CEC amounts the hauler billed the broker, and the customer is then responsible to remit the CEC directly to the County on any “margin” the broker bills for MSW services. While this approach complies with County Ordinance, it is less desirable because a) the broker’s margin is exposed to the customer; and b) it creates greater potential for missed remittance to the County if the customer paying for MSW services is not fully aware of CEC remittance requirements.
- **For Brokers that are Not Licensed Haulers:**
Licensed haulers that collect and transport MSW for a broker not licensed to collect and transport MSW in Ramsey County are still responsible for billing, collecting, reporting and remitting CECs to the County on the cost of that service. The licensed hauler is not responsible for any additional CECs the customer may owe on a margin imposed by the broker. Ultimately, the customer—the person who generates the MSW—is responsible for paying the CEC on billed amounts for MSW services, whether billed by a licensed hauler or by another entity. (See Section 7.h. below about generators paying the CEC directly to the County when someone other than a licensed hauler invoices for MSW services.)

Licensed haulers are encouraged to refer their broker clients to Ramsey County Environmental Health to learn more about helping the broker’s customers understand their CEC obligations.

Brokers and subcontractors. Sometimes a licensed hauler (the "primary hauler") may arrange to have its customer's waste picked up and disposed by a different licensed hauler (the "subcontractor") under a subcontracting relationship. This typically occurs in order to achieve routing efficiencies or to allow a hauler to retain a customer even though the primary hauler does not have the equipment needed to service the account. This "subcontracting" activity may occur between one independent company and another, or between two separately-licensed operational divisions within the same umbrella company.

The subcontractor should not bill a CEC to the primary hauler, provided all of these conditions are met:

- The primary hauler and the subcontractor each possess a current MSW hauling license issued by Ramsey County;
- The subcontractor that picks up and disposes of the waste is billing only the primary hauler--and not the generator/customer--for that service;
- The primary hauler bills the CEC on the invoice to the generator/customer; and
- The amount billed by the subcontractor to service the primary hauler's customer location is less than the amount the primary hauler charges to its customer.

Since the CEC is intended to be imposed on the **generator** of the waste, and the generator is being billed the CEC on the primary hauler's invoice, the County does not consider the primary hauler to be receiving MSW service, and the cost billed by the subcontracted hauler is not considered to be for payment of MSW services.

h. Paying CECs directly to the County.

The CEC is imposed on ***the person who pays for managing MSW***, regardless of who bills that person. If a person pays a hauler licensed by Ramsey County to manage waste as MSW, the Ordinance requires that hauler to charge the CEC to that person. If a person pays an entity that is not licensed by Ramsey County to manage waste as MSW, that person still owes the County a CEC. In these cases, the person must pay the CEC directly to the County, based on the sales price they incur.

The County has a CEC remittance form specifically for a person or a company who pays someone other than a hauler or transfer station licensed by Ramsey County for MSW services. For more information, please contact the Environmental Health Section (see item 11 on page 19).

The County can choose to take any of a number of actions against a generator for failure to pay CEC owed, such as placement of unpaid charges on the property tax statement, liens, penalties, or civil action. It is in the best interest of the person who generates waste to pay the CEC as required. The County encourages haulers to inform their customers and potential customers about this requirement in the course of providing or marketing waste management services.

i. CECs and municipal contracts for residential MSW collection service.

Haulers that provide residential MSW services under contract with a municipality should charge the residential CEC rate on residential MSW services as follows:

- If the hauler bills residents directly for services, the hauler would include the CEC as a line item on residents' bills;
- If a municipality bills residents for the service, the municipality is responsible for billing the CEC and remitting the collected funds to the County; or
- If residents do not receive a bill for the service (for example, residents do not pay for the service but the municipality pays the hauler for all costs

associated with MSW services provided under the contract using general fund revenues from property taxes), the hauler would apply the residential CEC rate to the cost of MSW services as invoiced to the municipality.

If a hauler provides service to non-residential properties, such as municipal facilities or commercial businesses, the non-residential CEC rate would apply to the cost of those MSW services.

j. CECs and municipal MSW services.

If a municipality's contract requires the hauler to provide MSW collection service to municipal facilities at no cost, the municipality is required to pay the CEC based on the **fair market value** of that service. The hauler's invoice would include the CEC calculated on that fair market value, even if no invoice would otherwise be issued to the municipality.

The County will consider the fair market value of services provided to municipal facilities to be included in the cost of service paid by residents when the residents are being billed by either the hauler or the municipality and the full amount owed to the contractor for the services provided to the facilities is covered by those bills. In this case, the residents are paying a CEC on both the services they get for their household and the services to municipal facilities. Rather than bill the municipality for the full non-residential CEC on the value of the services, the hauler would bill the difference between the non-residential CEC that would otherwise be billed and the portion that is already covered by the CECs paid by residents.

Example: If the fair market value of garbage service at City Hall was determined by the hauler to be \$100/month, the CEC the hauler would normally bill to the municipality would be 53% of that, or \$53/month. However, the hauler has already collected a CEC of 28% from the residents on their garbage bills. The residents have, in effect, already paid \$28 of the \$53 that the municipality owes. The hauler would now bill the municipality only \$25/month for CEC owed on that service valued at \$100/month (53% - 28% = 25%; and 25% x \$100 = \$25.00).

8. CEC Reporting and Remittance

As stated previously, all haulers that provide MSW services to customers in Ramsey County are required by County Ordinance to collect the CEC from those customers. Haulers must then remit the CECs to the County each month. The CEC remittance must include a **Monthly CEC Remittance Report**, which summarizes the hauler's MSW and CEC activity during the report month. The Report includes step-by-step instructions for calculating the CECs based on the total MSW revenues—reported as either receipts or as billed—from residential and non-residential accounts.

Monthly CEC Reports: Two key items to remember:

- **The monthly report and CEC remittance are due on or before the 20th of the month following the report month.** This means the *postmark* on the mailing envelope must be on or before the 20th of the month; and

- **Haulers must submit a complete CEC Remittance Report each month, even if they have no MSW activity or CECs to report for the month.**

Late Reports. Reports postmarked later than the 20th of the month are deemed late. (If the 20th falls on a Saturday, Sunday, or postal holiday, the postmark must be no later than the next postal business day or the report is considered late.) Late reports are subject to a one-time \$15.00 late penalty whether or not any CECs are owed, and any CECs owed for the report month are subject to an interest charge of 1.5% per month past due until fully paid.

Completing a monthly report. This section is presented as follows:

- The Monthly CEC Report Form and Instructions;**
- Choosing the MSW and CEC Reporting Basis;**
- Uncollectible CECs;**
- Late Fees; and**
- Acceptable Forms of Payment.**

a. The Monthly CEC Report Form and Instructions. On the back side of the report form are line-by-line instructions for completing the form. If the instructions do not answer questions you have about completing the report, please contact Ramsey County's Environmental Health Section. An incomplete report, one including errors, or one without a signature, may be considered late and subject to a late penalty and interest charges.

Each January Ramsey County will mail to you all of that year's monthly report forms. The forms are custom printed for each licensee, and include spaces for you to enter other required information. You must fill in each space on page one, even if it means putting a zero ("0" or "\$0.00") as a response. Pre-printed report information includes:

- The month and year of the report, including the report due date;
- Your CEC account number; and
- The licensee name.

Information that you will be required to provide each month:

- The number of residential MSW accounts and non-residential MSW accounts served that month;
- Tons of MSW delivered to solid waste facilities **other than** the RRT Resource Recovery Facility in Newport, MN. or its authorized facility;
- MSW revenues for residential and non-residential customers (you must choose to report either the total of your **billings** for MSW services, or actual **receipts** from MSW billings. This is the "Reporting Basis" which is discussed further below.);
- The CECs you calculate for residential and non-residential customers;
- Any late fees (a late penalty and, if applicable, interest charges);
- Adjustments to prior remittances, which can include extra payment for a previous under-remittance, or a credit due to an over-remittance;
- The name, title, phone number, and signature of the person responsible for the report, and the date of signature. This person should be the owner (if a sole proprietorship), one of the partners (if a

partnership), or an officer of the corporation or their designee (if a corporation); and

- A contact name (person who can respond to any questions about information entered on the form and CEC amounts being remitted) and telephone number.

If you have no CECs to report. Haulers must still submit a monthly report even if they have no MSW activity or no CECs to remit. In such cases, the hauler should enter a zero (“0” or “\$0.00”) in the appropriate blanks on the form (e.g., Disposal Information, MSW Revenues, CECs being remitted, etc.). Doing so confirms to the County that there is no CEC amount due, and avoids any possibility that the County may believe a report is late or that a licensee is holding CEC funds that should be remitted to the County.

Please note that the \$15 late penalty will apply if a report showing no remittance due is postmarked after the 20th of the month, just as it does for a late report with a remittance.

b. Choosing the MSW and CEC Reporting Basis. Haulers must indicate on the report if they are reporting MSW revenues based on either:

- **The amount their customers paid to them** in the month (a **Receipts Basis**); or
- **The amount the hauler billed** in the month (a **Billings Basis**).

The hauler must choose one basis, must use the same basis for both residential and non-residential CECs, and may not switch their CEC reporting basis from month to month. If you would like further guidance on how either approach would work given your situation, please contact Ramsey County’s Environmental Health Section (see item 11 on page 19).

c. Uncollectible CECs. There will be times when a customer does not pay the hauler some or all of their CEC, even while the hauler may have already reported and remitted those CECs to the County. In these situations, the County’s Solid Waste Ordinance requires haulers to make “reasonable efforts” to collect the CEC. However, haulers are not responsible to remit to the County those CECs that were properly billed and that a customer does not pay, provided the County is properly notified of the refusal of the customer to pay the CEC. If a customer fails to pay the CEC on their bill, the County has the authority to certify the unpaid CEC amount to the property tax rolls; use civil action against a property owner, lessee, or occupant; or use any other legal means available to collect unpaid CECs. To be able to pursue these options, the County will rely on haulers for information on customers who have not paid CECs owed.

However, and until the County agrees it has been properly notified by the hauler about a customer who refuses to pay the CEC, the Ordinance does require haulers to remit ***a portion of the hauler’s receipts from customers*** to partially cover the amount billed for the CEC. That portion is proportional to the CEC’s share of the total bill. In practice, this requirement applies to those

haulers that remit the CEC to the County based on MSW receipts (“Receipts Basis”), rather than those remitting the full CEC billed to customers.

Here is an example of how a hauler remitting CECs on an MSW Receipts Basis would remit partial payment from a non-residential customer:

MSW service	\$100.00
County Environmental Charge (53%)	\$ 53.00
State Solid Waste Mgmt. Tax (17%)	<u>\$ 17.00</u>
TOTAL BILL	\$170.00

If the customer pays only \$117—because they refuse to pay the CEC—they have paid only 69% of the total \$170 they were billed. Therefore, in this example the hauler would be required to remit to the County 69% of the \$53.00 CEC initially billed, or \$36.57.

d. Late Fees. If a report is late or expected to be late, the hauler must pay a \$15 late penalty, plus calculate interest charges of 1.5% per month late on CECs reported. The late penalty and interest charges must be included in the amount remitted for that month. If the report is late and the remittance does not include a late penalty or interest charges due, Ramsey County will calculate those amounts and send you an invoice.

e. Acceptable Forms of Payment. A personal, business, cashier’s, or other printed check or a money order are currently the only acceptable forms of payment. Cash is not acceptable.

Monthly reports with remittance must be sent to:

Ramsey County
SDS 12-2300
PO BOX 86
Minneapolis, MN 55486-2300

This is not a Ramsey County facility address, but bank deposit box that is accepting payments for deposit into a Ramsey County bank account. All material you send to this address will be forwarded to Ramsey County, including the mailing envelope. Each January Ramsey County will provide you with pre-addressed, postage-paid envelopes to mail that year’s monthly CEC reports and remittance. Please note that if you mail more than four (4) sheets of paper in an envelope, you may need to apply additional postage.

9. Recordkeeping and Audits

Records required. Ramsey County’s Solid Waste Ordinance requires licensees to allow the County or its agent access to all business records related to the collection, transportation, and/or disposal of waste that are necessary to show whether all CECs have been billed as required, and that all CECs received have been remitted to the County. Examples of records that may be reviewed include customer invoices and billing data, dump tickets, route schedules, bank deposit records, and any other record relating to the collection, transportation, and/or

disposal of waste, including MSW, C & D waste, or industrial waste. **Haulers must retain these records for no less than six years.**

County use of CEC report data. Ramsey and Washington Counties contract with an accounting consultant to conduct audits to ensure that a) haulers understand how to correctly apply the CEC; and b) all funds to be collected from customers are remitted to the counties. Audits for haulers that provide MSW service in both counties are done jointly to reduce the time commitment for haulers.

Data privacy. The County is very aware of the need to protect the information haulers provide on the monthly CEC report form. The County will designate all information about number of accounts, tons of waste delivered, MSW revenues, and CEC amounts as **non-public data**. This means no one other than those authorized to view this information may do so without a court order. Those who will be authorized to view this information are:

- County staff who must have access to the data to track remittance and compliance issues;
- The auditing firm hired by the County to visit haulers to assure the CEC is being billed, collected, and remitted properly; and
- The staff at the bank receiving the reports and remittances.

Both the auditing firm and the bank are bound by the contracts they hold with the County to treat all data in a manner consistent with requirements of the Minnesota Data Practices Act and to respect all confidentiality.

If you have any concerns about providing the required information, please contact Ramsey County's Environmental Health Section.

10. Informing Your Customers about the CEC

Ramsey County's Solid Waste Ordinance requires haulers to notify their MSW customers about the CEC when the customer receives the first statement or invoice that includes the CEC.

Ramsey County also offers a CEC fact sheet and other information on its website at www.co.ramsey.mn.us/ph/rt/CEC.htm. In addition, the County provides two telephone lines to respond to questions about the CEC:

Residential customers: **651-633-EASY (-3279)**

Non-residential customers: **651-266-1199**

11. CEC Contact Information for Haulers

If you have a question about applying the CEC, CEC calculation, CEC billing or collection, completing a CEC monthly report, or any other issue related to the CEC, please contact **Joe Wozniak**, with Saint Paul - Ramsey County Public Health, Environmental Health Section, at (651) **266-1187**, or via email at joe.wozniak@co.ramsey.mn.us.