

Nebraska Energy Source Exempt Sale Certificate

Name and Mailing Address of Purchaser			Name and Mailing Address of Seller		
Name			Name		
Street or Other Mailing Address			Street or Other Mailing Address		
City	State	Zip Code	City	State	Zip Code
Check Type of Certificate					
<input type="checkbox"/> Single Purchase <input type="checkbox"/> Blanket			If Blanket is checked, this certificate is valid until revoked in writing by the purchaser.		
Purchaser's Account Number			Was an energy audit (analysis) completed prior to issuing this certificate to the seller?		
			<input type="checkbox"/> YES <input type="checkbox"/> NO		
Describe your business operations:					

Note: Nonprofit organizations and nonprofit hospitals that have been issued a Nebraska Exempt Organization Certificate of Exemption and governmental entities must file a [Nebraska Resale or Exempt Sale Certificate, Form 13](#), with the seller to exempt their purchase of an energy source from sales tax.

Note: A Native American living in Nebraska Indian country must file a [Nebraska Exemption Certificate for Native American Indians, Form 26](#), with the seller to exempt their purchase of an energy source from sales tax.

I certify that the purchase of the energy source is exempt from sales tax for the following reason: (check one)

- A. This purchase of electricity or compressed natural gas is exempt from Nebraska and local sales and use taxes because more than 50% of the energy charge through meters (list meter numbers) _____ has properly been determined to be used or directly consumed in: (check appropriate box)
- | | | |
|--|--|---|
| <input type="checkbox"/> Farming | <input type="checkbox"/> Irrigation | <input type="checkbox"/> Refining |
| <input type="checkbox"/> Generation of Electricity | <input type="checkbox"/> Manufacturing or Processing | <input type="checkbox"/> Compressing natural gas for retail sales as a vehicle fuel |
- B. The purchase of wood or corn for use as a fuel, coal, fuel oil, diesel fuel, tractor fuel, coke, nuclear fuel, butane, propane, or gas is exempt from Nebraska sales and use taxes because more than 50% of the amount purchased is used or directly consumed in: (check appropriate box)
- | | | |
|--|--|---|
| <input type="checkbox"/> Farming | <input type="checkbox"/> Irrigation | <input type="checkbox"/> Refining |
| <input type="checkbox"/> Generation of Electricity | <input type="checkbox"/> Manufacturing or Processing | <input type="checkbox"/> Compressing natural gas for retail sales as a vehicle fuel |
- C. For-profit hospital purchase of electricity, compressed natural gas, diesel fuel, fuel oil, coal, tractor fuel, coke, nuclear fuel, butane, propane, gas, or wood or corn for use as a fuel is exempt from Nebraska sales and use taxes because more than 50% of the amount purchased is used directly by the for-profit hospital facility or the portion of the hospital facility that is licensed under the Health Care Facility Licensure Act.

If you purchased electricity or compressed natural gas, you must identify the meters for which you are claiming the energy source exemption. List the meter numbers: _____.

Any purchaser, or the agent thereof, or other person who completes this certificate for any purchase which is not otherwise exempted from the sales and use tax under the Nebraska Revenue Act, as amended, shall in addition to any tax, interest, or penalty otherwise imposed, be subject to a penalty of \$100 or ten times the tax, whichever amount is larger, for each instance of presentation and misuse. With regard to a blanket certificate, said penalty shall apply to each purchase made during the period the blanket certificate is in effect. Under the penalties of law, I declare that I am authorized to sign this certificate, and to the best of my knowledge and belief, it is correct and complete.

**sign
here** ▶

Authorized Signature of Purchaser

Title

Date Issued

Note: Sellers must retain this certificate as part of their records. Do not send it to the Nebraska Department of Revenue.

Instructions

Who May Issue Exempt Sale Certificate, Form 13E. Form 13E must be issued by every person claiming a sales and use tax exemption when it has been determined that more than 50% of the purchase of electricity, compressed natural gas, coal, gas, fuel oil, diesel fuel, tractor fuel, coke, nuclear fuel, butane, propane, gas, or wood or corn for use as a fuel is used or directly consumed in manufacturing and processing, irrigation, farming, refining, or generation of electricity. In addition, for-profit hospitals that are licensed under the Health Care Facility Licensure Act are required to issue Form 13E to exempt their purchases of any of the identified energy sources from sales tax.

Where to File. Form 13E must be given to the seller at the time of purchase.

Determining Percent of Qualified Exempt Use

When determining the percentage of exempt use of energy directly consumed in processing, manufacturing, refining, generation of electricity, irrigation or farming, the entire energy usage on the electricity or natural gas meter must be analyzed. If more than 50% of the electricity or natural gas used through a single meter is for a qualified use, then the entire billing for that meter is exempt from sales and use taxes.

To properly determine whether your purchase of the energy is exempt from sales and use taxes, an energy analysis should be completed. The analysis can be completed by your company or an outside firm, and must include an analysis of the energy usage of each device, all machinery and equipment, and related heating, cooling and lighting devices using the energy on a single metering device. Each machine, piece of equipment, and all heating, cooling, and lighting device and their normal hourly, daily, monthly usage must be calculated based on each device's usage. The energy rating is based on its horsepower, voltage use, kilowatt use, BTU, or amperage which is then used to calculate the annual usage of each system, device, and piece of equipment. The qualified and nonqualified uses are calculated into an annual energy usage number represented as a percentage. If the qualified uses are more than 50%, the energy purchased through that meter is exempt from sales and use taxes. The calculated annual energy usage must be stated in the same type of energy unit used by the utility company in preparing its billing invoice.

Examples of energy use that are **not a qualified exempt use** include, but are not limited to, office spaces, bathrooms, storage and warehouse areas, freezer storage, housing, shop areas, and transporting materials to and from the direct manufacturing area. For information on fuels commonly used to propel motor vehicles and nonhighway vehicles, for example, fuel oil, diesel fuel, tractor fuel, and propane, please refer to the provisions of [Sales and Use Tax Regulations 1-089.04 through 1-089.05C](#).

Box A. If you checked box A, the purchase and use of energy is exempt from sales and use taxes when it has been determined that more than 50% of the energy charge through a single meter is consumed for an exempt use. If more than 50% of the energy is consumed for exempt use, the entire billing for that meter is exempt from the sales and use tax. If it is determined that 50% or less of the energy charge through a single meter is consumed for exempt purposes, an exempt certificate on that meter billing cannot be issued. The entire charge (qualified and nonqualified use) is taxable.

The following example illustrates the basis under which the exemption is claimed. This example assumes a manufacturing facility with two electric meters and one natural gas meter. Separate billings are issued for each meter.

	Percent Electric Use Meter 1	Percent Electric Use Meter 2	Percent Natural Gas Use
Qualified Area Usage			
(1) Direct manufacturing	40%	15%	30%
(2) Production control	10	5	10
(3) Product testing	<u>10</u>	<u>10</u>	<u>5</u>
Subtotal	60%	30%	45%
Nonqualified Area Usage			
(4) Raw materials storage	15%	15%	5%
(5) Research and development	20	5	10
(6) Finished goods storage		15	5
(7) Office and clerical		25	25
(8) Plant maintenance	<u>5</u>	<u>10</u>	<u>10</u>
Subtotal	40%	70%	55%
Total	100%	100%	100%

For purposes of determining the percentage use of exempt energy, only the consumption (direct consumption plus related heating/cooling/lighting) attributable to areas (1), (2), and (3) may be included:

- (a) Exempt use of electricity billed through meter #1 is 60%.
- (b) Exempt use of electricity billed through meter #2 is 30%.
- (c) Exempt use of natural gas is 45%.

Result:

Electricity billing (meter #1)	Exempt
Electricity billing (meter #2)	Taxable
Natural gas billing	Taxable

For purposes of determining the usage percentage, a one-year period of consumption is required. New customers may project their anticipated consumption.

The use of separate energy meters is acceptable for establishing exemptions within a single facility; however, the taxability of the entire billing for that meter is dependent upon the total energy usage through that meter.

Box B. If you checked box B, the purchase and use of energy is exempt from sales and use tax when it has been determined that more than 50% of the energy purchased is consumed for one or more of the identified exempt uses. Determining whether more than 50% of the energy is consumed for qualified exempt uses may require a separate analysis based on the use of the fuel. As an example: propane that is placed into a supply tank connected to stationary equipment to irrigate crops is exempt. Propane that is placed in a supply tank to heat the farmer’s residence, garage, work shop, and equipment storage buildings is taxable.

Definitions

Farming. Farming is commercial agriculture which is the business of producing food products, or other useful and valuable crops, or raising animal life. Commercial agriculture includes commercial production in greenhouses, nurseries, tree farms, sod farms, and feedlots. Commercial agriculture does not include storage of crops off the farm or in commercial elevators, or animal life in stockyards or sale barns. Energy consumed by on-farm grain storage and processing is considered to be consumed in farming.

Gas. Gas includes natural gas or acetylene that are burned for energy, or oxygen used in welding or cutting metals.

Irrigation. Irrigation is the application of water to lands for the purpose of raising agricultural crops.

Manufacturing or Processing. Manufacturing or processing is an action or series of actions performed upon tangible personal property, either by hand or machine, which results in that tangible personal property being reduced or transformed into a different state, quality, form, property, or thing. Processing includes grain drying and feed grinding in a commercial facility, and freezing food products. Manufacturing or processing does not include moving, cleaning, sorting, or repairing property, building erection, cold storage of food products, or preparing food for immediate consumption.

Refining. Refining is the action or process of removing impurities from crude or impure materials, such as glass, metal, sugar, and petroleum products. Refining includes the extraction of gas and petroleum products.

Properly Completed Certificate. To properly complete this certificate, the purchaser must: (1) identify both purchaser and seller; (2) mark the box for either the “single purchase” or “blanket” indicating whether the certificate is for a single purchase or is a blanket certificate for future purchases; (3) mark the appropriate exemption block indicating the category of exemption; (4) have the certificate signed by an authorized person; and (5) indicate the date the certificate was issued.

Penalties. Any purchaser, or their agent, who gives a Form 13E to the seller for property which is purchased for a use other than those enumerated in the Nebraska Revenue Act may, in addition to other penalties, be subject to a penalty of \$100 or the tax multiplied by 10, whichever amount is larger, for each instance of presentation and misuse. With regard to a blanket certificate, the penalty applies to each purchase made during the period the blanket certificate is in effect.

Any purchaser, or their agent, who fraudulently signs a Form 13E with the intention to avoid payment of the tax may, in addition to other penalties, be found guilty of a Class IV misdemeanor.