

# Nebraska Energy Source Exempt Sale Certificate

**FORM  
13E**

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:					

- ☐ A. Our purchase of electricity or compressed natural gas is exempt from Nebraska sales and use tax because more than 50 percent of the energy charge through meter number(s) \_\_\_\_\_ has been properly determined to be used or directly consumed in: (check appropriate box)
- ☐ Manufacturing and Processing

☐ Farming

☐ Generation of Electricity
- ☐ Irrigation

☐ Refining
- ☐ B. Our purchase of coal, fuel oil, diesel fuel, tractor fuel, coke, nuclear fuel, butane, propane, or gas is exempt from Nebraska sales and use tax because more than 50 percent of the amount purchased is used or directly consumed in: (check appropriate box)
- ☐ Manufacturing and Processing

☐ Farming

☐ Generation of Electricity
- ☐ Irrigation

☐ Refining

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 \$100.00 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 keep this certificate as part of their records. Do not send it to the Nebraska Department of Revenue.**

## INSTRUCTIONS

**WHO MUST FILE.** A Nebraska Energy Source Exempt Sale Certificate must be filed by every person claiming a sales and use tax exemption when it has been determined that more than 50 percent of the purchase of electricity, coal, gas, fuel oil, diesel fuel, tractor fuel, coke, nuclear fuel, butane, propane, or compressed natural gas is used or directly consumed in manufacturing and processing, irrigation, farming, refining, or generation of electricity.

**WHERE TO FILE.** The Form 13E must be given to the seller at the time of purchase.

### DETERMINING PERCENT OF EXEMPT USE

To properly determine whether your purchase of energy for which you are claiming an exemption is exempt from tax, an energy analysis must be completed. The analysis can be completed by your company or you can hire an outside firm to conduct the analysis. **You must be able to document how the percentage was determined.** An

energy analysis should be completed every few years to ensure that the exemption is still valid.

Energy consumed **directly** in manufacturing and processing, irrigation, farming, refining, or generation of electricity, as herein defined, is a qualified use. Energy consumed in heating, cooling, or lighting that portion of the facility directly used in manufacturing and processing, irrigation, farming, refining, or generation of electricity, is also considered to be for an exempt use.

Examples of energy use that are **not a qualified use** include, but are not limited to, office spaces, bathrooms, storage areas, freezer storage, housing, shop areas and transporting of materials to and from the direct manufacturing area.

If you checked exemption **block A**, the purchase and use of energy will be exempt from tax, when it has been determined that more than 50 percent of the energy charge through a single meter is consumed

for an exempt use. If more than 50 percent of the energy is consumed for exempt use, the entire billing for that meter is exempt from the sales and use tax. However, if it is determined that 50 percent 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
<b>Qualified Area Usage</b>			
(1) Direct manufacturing	40%	15%	30%
(2) Production control	10	5	10
(3) Product testing	10	10	5
<b>Subtotal</b>	<b>60%</b>	<b>30%</b>	<b>45%</b>
<b>Nonqualified Area Usage</b>			
(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	5	10	10
<b>Subtotal</b>	<b>40</b>	<b>70</b>	<b>55</b>
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

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 percent, a one-year period of consumption will be 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.

If you checked exemption **block B**, the purchase and use of energy will be exempt from tax when it has been determined that more than 50 percent of the energy purchased is consumed for one or more of the identified exempt uses. When determining whether more than 50 percent of the energy is consumed for qualified exempt uses, it may require a separate analysis based on the use of 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**

**Manufacturing and processing** is defined as 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 the freezing of food products. Processing or manufacturing does not include moving, cleaning, sorting, or repairing property, aerating grain, building erection, cold storage of food products, or the preparation of food for immediate consumption.

In addition, energy consumed in heating, cooling, or lighting that portion of the facility directly used in processing, manufacturing, refining, irrigation, or farming, is considered to be for a qualified use.

**Refining** is defined as 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.

**Irrigation** is defined as the application of water to lands for the raising of agricultural crops.

**Farming** is commercial agriculture, which is the business of producing food products, or other useful and valuable crops, or raising animal life. The crops or animal life can either be sold or used by the grower. 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** is defined as those gases such as natural gas or acetylene that are burned for energy, or oxygen used in welding or cutting metals.

**PROPERLY COMPLETED CERTIFICATE.** A purchaser must properly complete a certificate before issuing it to a seller. To properly complete the 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 the agent thereof, who gives a Nebraska Energy Source Exempt Sale Certificate, Form 13E, to the seller for property which is purchased for a use other than those enumerated in the Nebraska Revenue Act, as amended, may, in addition to other penalties, 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, the penalty shall apply to each purchase made during the period the blanket certificate is in effect.

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