

DRIVING VALUE WITH

Utility Sales Tax Exemption

The Utility Sales Tax Exemption enables businesses to take advantage of monthly savings on their utility bills that are necessary and integral to production. More than 30 states across the United States offer an exemption from state sales tax on the purchase of electricity, natural gas, and water used in qualifying production activities. The Utility Sales Tax Exemption can be calculated retroactively to recover utility sales taxes paid the prior three to 10 years for refund based on specific state refund periods. Through the partnership between Froehling Anderson and McGuire Sponsel, clients gain access to experienced professionals who help identify, quantify, and secure these opportunities.



Qualifications and Approach to *Get Started*

To qualify for the exemption, businesses must complete an application with a comprehensive utility study. McGuire Sponsel supports clients through the study process by performing a utility predominant use study by quantitative analysis and completing all required forms to realize a partial or total state and local sales tax exemption.

Upon approval to proceed, McGuire Sponsel will gather information on the building and manufacturing processes, analyze utility invoices, and document meter readings and equipment energy loads.

Key Industries



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HOTELS



**MANUFACTURING: PROCESSING,
FABRICATION, ASSEMBLY**



**NURSING HOMES AND
ASSISTED LIVING FACILITIES**

Client Investment



Limited time is required by the client. All fees are contingent based on received partial or total state and local benefit, all intended to limit upfront time invested and financial risk of clients interested in pursuing exemption.



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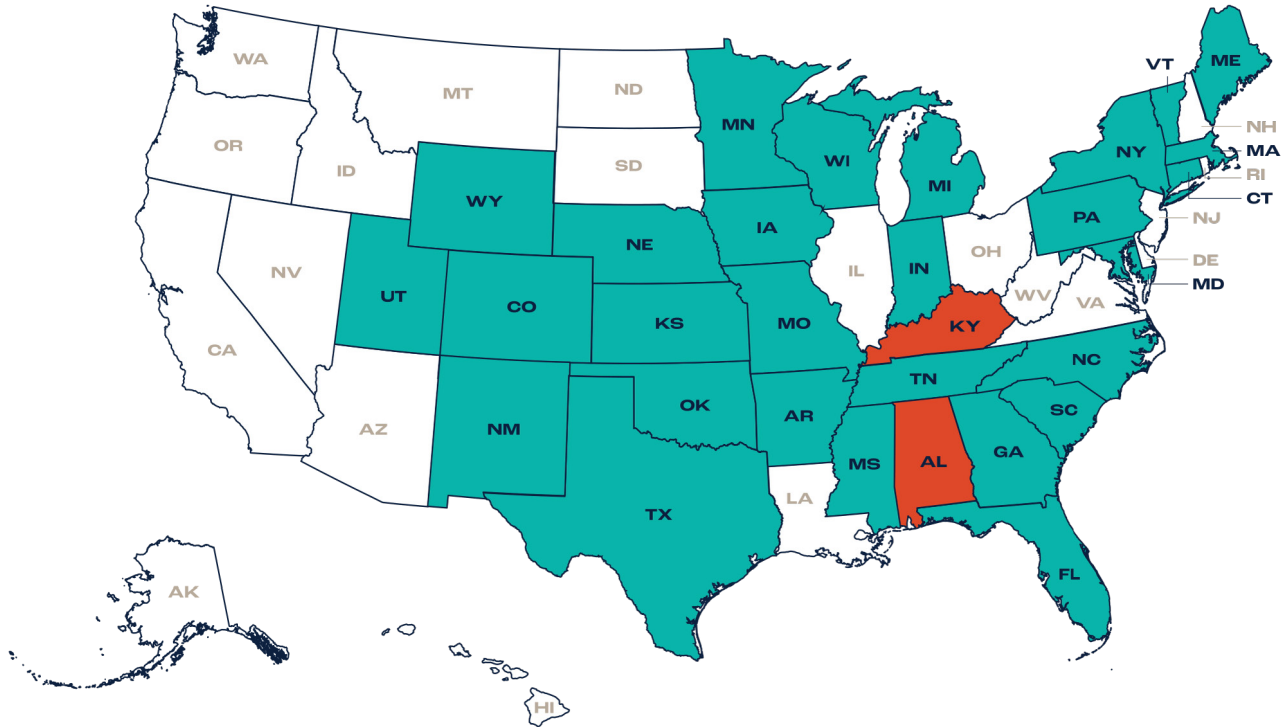
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Utility Sales Tax Exemption by State

Sales tax exemptions for utility usage vary widely across states. Each state has its own rules defining which types of utility consumption qualify for exemption, as well as distinct documentation requirements to validate exemption claims.

Note: Exemptions are limited in Kentucky and Alabama.



RECYCLING FACILITY - CASE STUDY

Approach and Results

- A Midwest recycling company engaged McGuire Sponsel to pursue a refund and exemption for utility sales tax tied to its energyintensive recycling operations.
- Conducted a detailed on-site analysis identifying the purpose, power ratings, and utility usage of each piece of equipment within the facility.
- Using information provided by the client's employees, along with insights gathered during the data collection process, McGuire Sponsel calculated the appropriate exemption percentage for the client.
- Our analysis resulted in a **\$15,000 refund** and a secured long-term utility sales tax exemption.



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