

Florida Department Of Revenue  
Tax Information Publication

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Electricity or Steam Exemption Clarified and Expanded

**Cigar Manufacturers Now Eligible for Exemption**

Effective July 1, 1999, the sales tax exemption on charges for electricity or steam used to operate machinery and equipment at a fixed location is expanded to include cigar manufacturers.

**Statutory Language Clarified**

The statute is reworded to clearly set forth:

- \* Manufacturing plants that use at least 75 percent of the total plant usage of electricity or steam to operate qualifying machinery and equipment receive a 100 percent exemption for all charges to the plant.
- \* Manufacturing plants that use at least 50 percent but less than 75 percent of the total plant usage of electricity or steam to operate qualifying machinery and equipment receive a 50 percent exemption for all charges to the plant.

**The Phase-in of the Exemption Applies as Follows:**

- \* Beginning July 1, 1999, 80 percent of the qualifying charges for such electricity or steam is exempt.
- \* Beginning July 1, 2000, 100 percent of the qualifying charges for such electricity or steam is exempt.

**Requirements to Qualify for These Exemptions**

- \* A taxpayer must be registered with the Work and Gain Economic Self-sufficiency (WAGES) Program. Other than

sales and use tax registration, no special registration with the Department of Revenue (DOR) is required. (For WAGES Program Business Registry information, contact the Florida Department of Labor and Employment Security at 800-342-3450.) **DO NOT send your WAGES registration application to the Department of Revenue.**

- \* The exemption is contingent upon prior registration with the WAGES Program Business Registry. In the event an otherwise qualified taxpayer fails to register with the WAGES Program Business Registry, the exemption does not apply. No refunds will be allowed for taxes paid prior to the date of the WAGES registration.
  
- \* A taxpayer's SIC Code must be within the following Industry Major Group numbers: 10, 12, 13, 14, 20, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, and 39, or Industry Group Number 212. "SIC" means those classifications contained in the Standard Industrial Classification Manual, 1987, as published by the Office of Management and Budget, Executive Office of the President. **A chart of qualifying SIC Code group numbers is attached.**
  
- \* The electricity or steam must be consumed at a fixed location to operate machinery and equipment used to manufacture, process, compound, produce, or prepare for shipment items of tangible personal property for sale, or to operate pollution control equipment, recycling equipment, maintenance equipment, or monitoring or control equipment used in such operations.
  
- \* Taxpayers claim the exemption by submitting a written certification of entitlement to the exemption to their electricity or steam provider. A suggested form is attached. (Qualifying taxpayers that provided an appropriate certification to their electricity provider on or after July 1, 1998 are not required to

submit a new certification as a result of the 1999 legislative changes.) The certification relieves the seller from the responsibility of collecting tax on exempt amounts and the Department of Revenue will look solely to the purchaser for recovery of tax, if the purchaser is not entitled to the exemption. **DO NOT send this certification to the Department of Revenue.**

- \* For cigar manufacturers, the exemption applies to qualifying charges billed on or after July 1, 1999. For example, a billing cycle beginning June 15, 1999, and ending July 14, 1999, with a billing date of July 15, 1999, would be exempt in its entirety if the taxpayer was registered with the WAGES Program on or before July 15, 1999.
- \* It should be noted that the exemption also applies to discretionary sales surtaxes (local option taxes).

### **FOR MORE INFORMATION**

This document is intended to alert you to the requirements contained in Florida laws and administrative rules. It does not by its own effect create rights or require compliance.

For more information call Tax Information Services, Monday - Friday, 8:00 a.m. to 5:00 p.m., ET, at 850-488-6800.

Hearing or speech impaired persons should call our TDD at 1-800-367-8331 or 850-922-1115.

For a detailed written response to your questions, write the Florida Department of Revenue, Tax Information Services, 1379 Blountstown Highway, Tallahassee, FL 32304.

For forms and other information, visit our Web site at <http://sun6.dms.state.fl.us/dor/>.

Get tax forms quickly by FAX ON DEMAND. Call 850-922-3676,

twenty-four hours a day, seven days a week, using your fax machine handset and follow the instructions.

References:

Ch. 99-364, L.O.F.

Ch. 99-208, L.O.F.

s. 212.08(7)(ii), F.S.

**SUGGESTED PURCHASER'S EXEMPTION CERTIFICATE  
ELECTRICITY OR STEAM USED TO MANUFACTURE ITEMS FOR SALE**

FOR USE ON OR AFTER JULY 1, 1999

\_\_\_\_\_ (Purchaser's Name) certifies that the electricity or steam purchased on or after \_\_\_\_\_ under the following account number(s) is exempt from sales tax, because such electricity or steam will be used at a fixed location to operate machinery and equipment that is used to manufacture, process, compound, produce, or prepare for shipment items of tangible personal property for sale, or to operate pollution control equipment, recycling equipment, maintenance equipment, or monitoring or control equipment used in such operations.

\_\_\_\_\_ (Purchaser's Name) further certifies that: a) its four-digit SIC Industry Number is listed below, and this number is classified under SIC Industry Major Group Number 10, 12, 13, 14, 20, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, or 39, or Industry Group Number 212, as contained in the Standard Industrial Classification Manual, 1987, as published by the Office of Management and Budget, Executive Office of the President; b) it has registered effective \_\_\_\_\_ with the Florida Department of Labor and Employment Security, Division of Jobs and Benefits, to participate in the WAGES Program; and either c) at least 75% of the total plant usage of electricity or steam used at the fixed location is used to operate qualified machinery and equipment as described above, and the location qualifies for the 100% exemption, or d) at least 50% but less than 75% of the total plant usage of electricity or steam used at the fixed

location is used to operate qualified machinery and equipment as described above, and the location qualifies for the 50% exemption.

SIC INDUSTRY NUMBER \_\_\_\_\_

Address of Exempt Locations	Electric or Steam Account Number	Amount of Exemption Claimed (Circle One)
_____	_____	100% / 50%
_____	_____	100% / 50%
_____	_____	100% / 50%

The undersigned understands that if such purchases of electricity or steam do not qualify for exemption, the undersigned will be subject to sales and use tax, interest, and penalties. Purchaser further understands that when any person shall fraudulently, for the purpose of evading tax, issue to a vendor or to any agent of the state a certificate or statement in writing in which he or she claims exemption from the sales tax, such person, in addition to being liable for payment of the tax plus a mandatory penalty of 200% of the tax, shall be liable for fine and punishment provided by law for conviction of a felony of the third degree, as provided in s. 775.082, s. 775.083, or s. 775.084.

\_\_\_\_\_  
Purchaser's Name (Print or Type)      Date

\_\_\_\_\_  
Signature and Title      Florida Sales Tax Number

\_\_\_\_\_  
Federal Employer Identification      Telephone Number  
Number (F.E.I.) or Social  
Security Number

Effective Date of Registration with the Florida Department of Labor and Employment Security, WAGES Program Business Registry:

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**Submit this certificate to your electricity or steam provider.  
DO NOT send it to the Department of Revenue.**

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INDUSTRIES ELIGIBLE FOR SALES TAX EXEMPTION  
FOR USE OF ELECTRICITY OR STEAM

<b>SIC Industrial Major Group Numbers</b>	<b>Short Titles of Major Group Numbers</b>
10	Metal Mining
12	Coal Mining
13	Oil & Gas Extraction
14	Mining & Quarrying of Nonmetallic Minerals, Except Fuels
20	Food & Kindred Products
22	Textile Mill Products
23	Apparel and Other Finished Products Made from Fabrics and Similar Materials
24	Lumber & Wood Products
25	Furniture & Fixtures
26	Paper & Allied Products
27	Printing, Publishing, and Allied Industries
28	Chemicals and Allied Products
29	Petroleum Refining and Related Industries
30	Rubber and Miscellaneous Plastics Products
31	Leather and Leather Products
32	Stone, Clay, Glass, and Concrete Products
33	Primary Metal Industries
34	Fabricated Metal Products, Except Machinery and Transportation Equipment
35	Industrial and Commercial Machinery and Computer Equipment
36	Electronic and Other Electrical

	Equipment and Components, Except Computer Equipment
37	Transportation Equipment
38	Measuring, Analyzing, and Controlling Instruments; Photographic, Medical and Optical Goods; Watches and Clocks
39	Miscellaneous Manufacturing Industries

<b>SIC Industry Group Number</b>	<b>Short Title</b>
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212	Cigars
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"SIC" means those classifications contained in Standard Industrial Classification Manual, 1987, as published by the Office of Management and Budget, Executive Office of the President.