

## **Frequently Asked Questions about the New Sales Tax Exemption for Fuel and Electricity used in Manufacturing**

### **How did this new tax provision become law?**

Assembly Bill 507 was signed into law by Governor Jim Doyle on Dec. 8, 2003. The new law, (2003 Wisconsin Act 99) takes affect January 1, 2006.

### **What exactly does the new exemption do for Wisconsin manufacturers?**

The new exemption replaces current law which states, “income tax credit for sales tax paid on electricity and fuel consumed in manufacturing tangible personal property.” Beginning Jan. 1, 2006 any unused income tax credits being carried forward for this purpose will be phased out. The new law allows companies 20 years to use tax credits they earned for paying sales tax on fuel and electricity used in manufacturing.

More than \$170 million in unused tax credits are available to Wisconsin manufacturers, according to Rep. Steve Wieckert (R-Appleton), co-author of Assembly Bill 507.

### **How do manufacturers in our service territory take advantage of the new tax exemption?**

To qualify for the exemption, manufacturers must provide electricity and fuel suppliers with a sales tax exemption certificate. This form specifies the amount of electricity or fuel that will be purchased and used to manufacture tangible personal property. A copy of the form is attached. There is also a web-based, fill in the blank form on the Department of Revenue’s website, located at this link: <http://www.dor.state.wi.us/forms/sales/s-211.pdf>

### **How will the new tax exemption work in practice?**

The new law is designed to be used on a “bill-to-bill” basis, rather than a one time, end of the year exemption. Therefore, utilities should work with local manufacturers to ensure that the percentage of electricity usage being claimed as exempt is accurate. The utility then should keep a copy of the DOR Form S-211 on file for future reference. There is an extensive Q&A on this new provision on the Dept. of Revenue website located at this link: <http://www.dor.state.wi.us/faqs/ise/exemptn.html>

### **Who should I contact at the Department of Revenue if my utility or one of our manufacturing customers has specific questions?**

The lead person at DOR is Mike Hinnendael (608) 267-5022, email: [excise@dor.state.wi.us](mailto:excise@dor.state.wi.us).

Attach.