

New York State Department of Taxation and Finance
Office of Tax Policy Analysis
Technical Services Division

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Sales Tax
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Exemption for Utilities Used in Production in New York City

On September 20, 2000, Governor George E. Pataki signed Chapter 472 of the Laws of 2000. Effective **November 1, 2000**, the Tax Law is amended to provide for an exemption from the 4% local sales and use tax imposed in New York City on purchases of fuel, gas, electricity, refrigeration and steam, and gas, electric, refrigeration and steam service, of whatever nature, for use or consumption directly and exclusively in the production of tangible personal property for sale by manufacturing, processing, assembling, generating, refining, mining, or extracting. This exemption also applies to such purchases used or consumed in the production of tangible personal property for sale by farming, or in a commercial horse boarding operation, or in both.

Purchasers eligible for this exemption are required to provide vendors with one of the following exemption documents, having a print date of 11/00 or later, for qualifying purchases occurring on or after November 1, 2000:

- ST-121, *Exempt Use Certificate*;
- FT-1004, *Certificate for Purchases of Diesel Motor Fuel or Residual Petroleum Product for Farmers and Commercial Horse Boarding Operations*;
- FT-1012, *Manufacturing Certification for Diesel Motor Fuel and Residual Petroleum Product*; or
- FT-1020, *Exemption Certificate for Certain Taxes Imposed on Diesel Motor Fuel and Propane*.

This exemption applies to qualifying purchases for which delivery or transfer of possession of the commodity or service is made on or after November 1, 2000. This exemption also applies where the delivery or transfer of possession of the commodity or service is made on or after November 1, 2000, although purchased under a contract entered into prior to November 1, 2000. Where the billing for the commodity or service is based on meter readings, the exemption applies to all billing statements based on meters read on or after November 1, 2000, if more than half the total number of days included in the billing statement are after October 31, 2000.

Purchases of fuel, gas, electricity, refrigeration and steam, and gas, electric, refrigeration and steam service, of whatever nature, used or consumed in the production of gas, electricity, refrigeration, or steam for sale remain subject to the 4% local sales and use tax imposed in New York City. Vendors may continue to honor blanket exemption certificates on file with them prior to November 1, 2000, for those customers whose purchases remain subject to the 4% local sales and use tax.