

# Predominant Use/Sales Tax Exemption: Ethanol Plant

Client: Ethanol Plant

2011–ongoing

Frontier Energy performs predominant use studies to help qualified businesses better understand exactly how and where energy costs are incurred, and to secure sales tax exemptions on energy used in manufacturing processes.

Deep in America's heartland, an ethanol plant is enjoying the benefits of working with Frontier Energy. Like many industrial manufacturers, energy is a major operating cost for this mid-American company. Predominant use studies, also called sales tax exemption or utility studies, help qualified businesses reduce their tax liabilities. Numerous state and local governments allow sales tax exemptions on energy and water that is directly used for manufacturing products.

At this ethanol plant, Senior Energy Engineer Tanuj Gulati performed comprehensive data collection to determine how much electricity and gas being used at the plant qualified for sales tax exemptions. Frontier Energy "basically did all of the work for us at a very reasonable cost," said Richard, the plant manager. "It was just a good experience."



The plant saves around \$28,000 per year through sales tax exemptions on energy that powers equipment used directly in ethanol production, such as these high-efficiency evaporator and condensate pumps.

## FRONTIER ENERGY:

- Contacts clients when studies are due and helps keep things on schedule – most states require companies to conduct predominant use studies every three years to maintain their sales tax exempt status
- Charges a flat fee for this service rather than a percentage of savings, which puts more money in customers' pockets
- Can save clients hundreds of thousands of dollars in taxes
- Has performed hundreds of sales tax exemption studies and is very familiar with state rules and regulations, both for sales and use tax exemptions and also for associated refunds