

NOTE: This copy of the webinar presentation has been updated to reflect changes to the law as a result of Public Chapter 1139 (effective date: 7/1/22).

Pages 2, 3, 5 and 9 have been updated to include this expanded definition.



STATE OF TENNESSEE

Certified Green Energy Production
Facility Exemption

April 2021

LAWS/RULES: Certified Green Energy Production Facility Exemption

Tenn. Code Ann.
§ 67-6-346

Allows a taxpayer to apply for authority to make **tax-exempt** purchases, or to apply for a **refund** or **credit** of taxes paid on purchases of machinery and equipment used to produce electricity in a certified green energy production facility

UPDATE: Effective **7/1/22**, the Certified Green Energy Production Facility tax credit was amended to expand the credit to apply to all projects installing clean energy technology that produce electricity for use ON and OFF the premises as well as for storage paired with clean energy technology. Previously, the tax credit was available *only* to clean energy technology *producing* electricity for use *off* premises.

WHAT IS EXEMPT?

- ✓ **Machinery and equipment used to produce or store* electricity** in a facility certified by the Tennessee Department of Environment and Conservation (TDEC) as producing electricity for use and consumption off **and on*** the premises using **clean energy technology**.

* updated per Public Chapter 1139, effective 7/1/22

UPDATE: Facility owner no longer has obligation to have an interconnection agreement with the power company to qualify for exemption, however, if such agreement exists it should be submitted with application. In absence of such agreement, a contractors installation agreement detailing the scope of work should be submitted with application.



Facility owner must have an agreement with the local utility (aka "generation partners agreement") so that the electricity produced will be transferred to the electric grid for consumption by others.



DEFINITION: Clean Energy Technology



Technology used to generate electricity from renewable energy sources such as, geothermal, hydrogen, solar, and wind sources.”

WHAT IS ~~NOT~~ EXEMPT?



The exemption is not available for machinery and equipment used to produce electricity for the owner's own use.

UPDATE: Prior to 7/1/22, the exemption was available only for machinery and equipment used to produce electricity for use off premises. Effective 7/1/2022 the exemption is available for machinery and equipment used to produce or store electricity in a certified green energy production facility.

APPLICATION: 2 Step Process



1. Complete and submit to TDEC the **Application for Certification of Green Energy Production Facility/Production of Electricity** (www.tn.gov/environment/)
 - TDEC will review the application to determine if the facility meets the criteria
 - Approved applications certifying the facility qualifies are sent to the applicant and to the Tennessee Department of Revenue (TDOR)
2. Complete and submit to TDOR the **Supplement Application for the Green Energy Production Facility** sales and use tax exemption.

TDOR APPLICATION: Contractor Information

When hiring a contractor to construct or install the green energy production facility include the contractor's information and copy of contract.

- **The exemption certificate will be issued to the contractor to make tax-exempt purchases.**
- **The certificate is valid only for the applicant's certified green energy production facility.**



APPLICATION: Where to Find

<https://www.tn.gov/content/dam/tn/revenue/documents/forms/sales/f1325201.pdf>



Instructions Print Reset

TENNESSEE DEPARTMENT OF REVENUE
Supplement Application
for Certified Green Energy Production Facility

1. Name of Company/ Purchaser _____

FEIN _____ Sales Tax _____

2. Or SSN _____ Account No. _____ Green Energy Project Start Date _____
Not Required for Individuals MMDD/YYYY

3. Application is for authorization to (Check one):

a. make tax-exempt purchases of machinery and equipment used to produce electricity in a certified green energy production facility

b. receive a refund or credit for sales and use tax paid on purchases of qualified machinery and equipment used to produce electricity in a certified green energy production facility

4. Is a contractor providing and/or installing the green energy production facility equipment? Yes No
If yes, provide the following information and submit a copy of the contract with this application.

Contractor's Name _____ Sales Tax Account No. _____ Begin Contract Date _____ End Contract Date _____

Contractor's Mailing Address _____ City _____ State _____ ZIP Code _____ Phone No. (Required) _____

5. Attach a copy of the approved Tennessee Department of Environment and Conservation Application for Certification of Green Energy Production Facility/Production of Electricity. If you have paid sales or use taxes on qualifying equipment, you can request a refund or credit once this application is approved. To request a refund or credit, you must file a Claim for Credit or Refund of Sales or Use Tax and attach the Certified Green Energy Production Facility Exemption Certificate issued by the Department of Revenue, along with copies of purchase

Supplement Application for the Green Energy Production Facility



CERTIFICATES



STATE OF TENNESSEE DEPARTMENT OF REVENUE

UPDATE: Certificate wording has been updated to reflect law change effective 7/1/22 expanding definition of exemption to include storage of electricity.

**Issued by mail
and on TNTAP
upon application
approval**

Taxpayer Name
Address
City State Zip Code

Effective Date: August 1, 2014
Expiration Date: August 31, 2014
Account No: 1XXXXXXXXXX-SLC
Exemption No: XXXXXXXXXXX
Facility Address:
Address

City State Zip Code

Certified Green Energy Production Facility Sales and Use Tax Certificate of Exemption

The above named taxpayer is granted authority in accordance with Tenn. Code Ann. § 67-6-346 to make tax-exempt purchases of machinery and equipment used to produce electricity in the certified green energy production facility. The Tennessee Department of Environment and Conservation has certified the green energy production facility to produce electricity that will be transferred to the facility for consumption by others.

This exemption certificate may not be used to make untaxed purchases for use at other locations. The taxpayer is responsible for unpaid tax on purchases that do not qualify for the certified green energy production facility exemption. This authorization for exemption is not valid for purchases made after the expiration date.

Seller's Name

Seller's Address (City & State)

I, _____, as an authorized representative of the taxpayer named above, affirm that the purchases qualify for the exemption and will be used at the location of the facility address referenced above. Under penalty of perjury, I affirm this to be a true and correct statement.

Print Name of Authorized Representative

Signature of Authorized Representative

Date

TN

IMPORTANT TO NOTE: Refund or Credit



If the sales and use taxes have already been paid by a contractor, the following must be submitted in order to receive a refund or credit:

- TDEC Approved application
- TDOR Application with contractor information
- Completed TDOR **Claim For Refund** form
- Copies of purchase invoices showing tax paid



THANK YOU