



## Gas and Electric Services

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Gas and electric services, whether furnished by municipal, public, or private corporations or enterprises, are taxable, except sales of gas and electric services for resale or for industrial use, which are not taxable.

Sales tax applies to all amounts paid for taxable gas or electrical services, regardless of whether there is actual consumption and is imposed on all payments, whether in the form of a minimum charge, a flat rate, or otherwise.

Persons performing services, as well as stores, office buildings and other commercial users are not industrial users and are required to pay the sales tax. Gas or Electricity sold for non-industrial commercial lighting or commercial purposes is taxable.

Electricity used for industrial lighting is exempt. Example: Gas or electricity used to light or heat chicken houses which stimulates egg production is exempt; gas or electricity used to light the manufacturing or industrial portion of the plant to enable it to produce is exempt. Gas or electricity used to light or heat non-industrial parts of a plant, such as office & retail space, product display space, parking lots, etc., are not exempt. Gas or electricity used by a restaurant to prepare meals is exempt; however, gas or electricity used to light or heat dining area, bar, etc., are not exempt.

The following methods are available for restaurant operators to claim credit for sales tax on their purchases of gas and electricity used in processing food for human consumption.

(1) If the sales of processed foods exceed 25% of the total sales revenue, the restaurant may receive credit based on 55% of the Loveland sales tax paid on its purchase of gas and electricity.

(2) If the sales of processed food are 25% or less of total sales revenue, or the restaurant is metered for gas and electricity purposes as part of another business operation, such as a hotel, motel, bowling alley, gas station, etc., then the allowable credit shall be based on 1/2 of 1% of the total Loveland processed food sales by the restaurant.

For the purpose of determining the applicable percentage of food sales, the term “food sales” shall include only sales of edible foodstuffs which are processed, but shall not include the sales of alcoholic beverages. The second method may be used even though the applicable percentage of food sales may exceed 25%.

The credit shall be claimed on an annual basis on the January sales tax return for the previous year. In the case of a seasonal business, the credit shall be claimed on the last sales tax return. The computation for claiming this credit should be made on the “Retail Food Establishment Computation Worksheet for Sales Tax Deduction for Gas and/or Electricity” [form](#).

THE ABOVE INFORMATION IS A SUMMARY IN LAYMAN'S TERMS OF THE RELEVANT LOVELAND TAX LAW FOR THIS INDUSTRY OR BUSINESS SEGMENT. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE LMTC (LOVELAND MUNICIPAL TAX CODE) AND APPLICABLE RULES AND REGULATIONS.

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