



STATE OF DELAWARE  
DEPARTMENT OF FINANCE  
DIVISION OF REVENUE  
CARVEL STATE BUILDING  
820 N. FRENCH STREET  
P.O. BOX 8911  
WILMINGTON, DELAWARE 19899-8911

**DIVISION OF REVENUE**

**TECHNICAL INFORMATION MEMORANDUM 95-4**

**FEBRUARY 13, 1995**

**SUBJECT: PUBLIC UTILITIES TAX REDUCTION**

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**I. INTRODUCTION**

S.B. No. 447, signed July 1, 1994 and S.B. No. 1, signed January 11, 1995, amended Chapter 55, 30 Del. C., to provide for a reduction of the public utility tax on the consumption of electricity commodities or services from 4.25% to 2.00% for qualified licensed manufacturers or food or agri-business processors with business locations within Delaware. This Technical Information Memorandum constitutes the Division of Revenue's Regulations with regard to the reduction of the Public Utility Tax as provided in 30 Del. C. §563. This Technical Information Memorandum supercedes TIM 94-1.

**II. REQUIRED QUALIFICATIONS**

This Technical Information Memorandum is effective for all electricity commodities or services distributed after September 30, 1994 to qualified licensed manufacturers with business locations used primarily for manufacturing goods within this State. The definition of "manufacturers" does not include scientific, agricultural or industrial research, development or testing. The definition of manufacturing contained in 30 Del. C., §2701 is otherwise applicable to this Act.

This Technical Information Memorandum is effective for all electricity commodities or services distributed on or after January 1, 1995 to business locations used primarily for food or agri-business processing or the hatching of chickens in conjunction with either food processing or agri-business processing within this State.

The definition of food processor contained in 30 Del. C. §2901 is applicable to this Act. The definition of Agri-Business Processing, for these purposes, means any processing, working, development, change, conditioning or reconditioning of raw materials or products into products of a different character, or effecting any combination or composition of materials, the inherent nature of which is changed such that the resulting product is food for consumption by livestock or is fertilizer for agricultural use. The term "business location" means all contiguous real property in which the manufacturer or food or agri-business processor, as the case may be, has an interest, including a possessory interest.

The business location must employ over 70% of its personnel exclusively in the manufacturing or food or agri-business processing including hatching of chickens in conjunction with food processing or agri-business processing within this State. Personnel employed in the management or administrative support of the business location or another Delaware manufacturing or food or agribusiness processing location are considered employed in such process within Delaware. Personnel employed at this business location who perform any services related to, or in support of, any business activities conducted outside of Delaware are not considered employed in such process within this State.

### **III. REQUIRED DOCUMENTATION**

A qualified Delaware business location must submit a completed Form 5502TR-9501, Application For Reduction of Public Utilities Tax, to the State of Delaware Division of Revenue, 820 N. French St., PO Box 2340, Wilmington, DE 19899-2340. Do not send applications directly to your electricity distributor.

A separate Form 5502TR-9501 must be completed and submitted to the Delaware Division of Revenue for each qualifying business location within Delaware.

### **IV. QUALIFICATION**

Every applicant will receive a written determination from the Delaware Division of Revenue. All approved applications will be forwarded to the proper distributor of the electricity commodities or services.

All approved applicants will have their utility account adjusted by the distributor to reflect the reduction in the Public Utility Tax. Any overpayment of the Public Utility Tax by the approved business location for electricity commodities or services consumed from the effective date of the law to the date of adjustment by the distributor will be reflected in subsequent billings. All billing inquiries are to be directed to your distributor.

William M. Remington  
Director of Revenue