



COMPONENTS USED IN THE PRODUCTION OF ALTERNATING CURRENT ELECTRICITY FROM A RENEWABLE ENERGY SOURCE

Certain components in construction projects related to renewable energy such as solar PV systems and wind turbines may be exempt from the imposition of City use tax and/or City sales tax.

Exempted components include, but are not limited to, wind turbines, rotors and blades, solar modules, trackers, generating equipment, supporting structures or racks, inverters, towers and foundations, balance of system components such as wiring, control systems, switchgears and generator step-up transformers and concentrating solar power components that include mirrors, plumbing and heat exchangers. The exemption does not apply to the purchase of any components beyond the point of generator step-up transformers located at the production site, labor, energy storage devices or remote monitoring systems.

Components used in construction projects:

A use tax deposit of **2.75%** (2.5% City + .25% County) is due on fifty percent (50%) of the total estimated valuation of the construction project and must be paid at the time the permit is issued. It is important to note that the use tax paid at the time the permit is issued is an estimate/prepayment only. The deposit is due even on projects that include the above exempt components since the exact components used during the project cannot be identified and documented until the project is completed.

After the final inspection or Certificate of Occupancy is issued, you may apply for a refund of the use tax paid on the exempt components with the Sales/Use Tax Division. The following supporting documentation must accompany your refund request:

- City of Centennial Claim for Refund Form;
- Final bill or invoice(s) to the owner of the project including all change orders;
- List of subcontractors (if any) including contact information and final contract amount for each subcontractor;
- Invoices for purchases made by the general contractor, subcontractors, and/or the owner.

The City may request additional supporting documentation if needed and may require an audit before the refund is paid.

Refunds will be processed promptly after all required documentation is received by the Sales/Use Tax Division.

ORDINANCE CITATIONS RELATED TO DISCUSSION

CMC 2008-0-29 sec 4-1-260(26) & sec 4-1-350(3) Components Used in the Production of Alternating Current Electricity; CMC 2008-0-29 sec 4-1-310 Collection of Construction and Building Materials use tax; CMC 2008-0-29 sec 4-1-710 Refunds

THE ABOVE INFORMATION IS A SUMMARY IN LAYMEN'S TERMS OF THE RELEVANT CENTENNIAL TAX LAW FOR THIS TOPIC, INDUSTRY, OR BUSINESS SEGMENT. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE CENTENNIAL MUNICIPAL CODE AND APPLICABLE RULES AND REGULATIONS. PLEASE REFER TO THE CITY OF CENTENNIAL ORDINANCE SECTION 4-1-300 THROUGH 4-1-350 FOR FULL ORDINANCE CITATIONS.