



STATE TAX ADVISORS WHITE PAPER– Texas Utility Exemption for Material Extracted from the Earth

An exemption is available for electricity or natural gas purchased for direct use in transporting a material extracted from the earth (“MEE”). MEE not only includes materials directly mined from the earth, but also all components and materials that exist in nature even if the materials have been processed or blended. The purchase of transportation equipment itself, such as conveyors and pumps, is excluded from this exemption.

Examples of MEE:

- Natural gas
- Basic cuts from a petroleum stream
- Rock, sand, and other aggregate materials
- Blended sand and gravel
- Water from rivers, lakes, and underground sources

Manufacturers often take advantage of the utility exemptions for their processing operations; however, this exemption can be applied to various industries that may not be considered manufacturers:

- Oil & gas storage and processing facilities
- Mining • Cement mixers and aggregate processors
- Water bottlers that extracts water from a well
- Irrigation systems for golf courses, if the water is pumped from a natural water source

For more information please contact us at [State Tax Advisors](#).