

HCS HB 1311 -- DATA STORAGE CENTERS AND SERVER FARM FACILITIES

SPONSOR: Zerr (Silvey)

COMMITTEE ACTION: Voted "do pass" by the Committee on Economic Development by a vote of 25 to 0.

Beginning August 28, 2012, this substitute authorizes a state and local sales and use tax exemption on items related to new data storage centers and server farm facilities including:

- (1) All electrical energy, gas, water, and other utilities including telecommunications and Internet services;
- (2) All machinery, equipment, and computers; and
- (3) All retail sales of tangible personal property and materials for the purposes of constructing, repairing, or remodeling a new data storage center and server farm facility.

Any new data storage center and server farm facility project wishing to utilize these exemptions must submit a project plan to the Department of Economic Development which identifies each known constructing and operating taxpayer for the project. The department must determine whether the project is eligible for exemption by verifying that a new facility will invest at least \$5 million within 36 consecutive months. The departments of Economic Development and Revenue must cooperate in conducting random audits to make certain that the intent of these provisions is followed.

Beginning August 28, 2012, the substitute authorizes a state and local sales tax exemption on items related to expanding data storage centers and server farm facilities including:

- (1) All electrical energy, gas, water, and other utilities including telecommunications and Internet services which, on an annual basis, exceed the amount used in the existing or the replaced facility prior to the expansion;
- (2) All machinery, equipment, and computers if the cost, on an annual basis, exceeds the average of the previous three years' expenditures used in the existing or the replaced facility prior to the expansion; and
- (3) All retail sales of tangible personal property and materials for the purposes of constructing, repairing, or remodeling an expanding data storage center and server farm facility.

Any expanding data storage center and server farm facility

project wishing to utilize these exemptions must submit an expanding project plan to the Department of Economic Development which identifies each known constructing and operating taxpayer. The department must determine whether the project is eligible for exemption by verifying that an expanding facility will invest at least \$1 million within 12 consecutive months. The departments of Economic Development and Revenue must conduct random audits to make certain that the intent of these provisions is followed.

FISCAL NOTE: Estimated Net Cost on General Revenue Fund of \$0 in FY 2013, \$0 in FY 2014, and More than \$1,109,074 in FY 2015. Estimated Net Cost on Other State Funds of \$0 in FY 2013, \$0 in FY 2014, and More than \$100,000 in FY 2015.

PROPOSERS: Supporters say that the bill will create jobs.

Testifying for the bill were Representative Silvey; Gail Hinshaw, Mountain Complex and Missouri Coalition for Data Centers; Missouri Chamber of Commerce; Associated Industries of Missouri; Missouri Telecommunications Industry Association; City of Kansas City; Kansas City Chamber of Commerce; Metropolitan Community College; City Utilities of Springfield; Kansas City Power and Light; Cerner Corporation; and Alicia Stephens, Liberty Area Economic Development Corporation.

OPPOSERS: There was no opposition voiced to the committee.