

HCS HB 1311 -- DATA STORAGE CENTERS AND SERVER FARM FACILITIES
(Silvey)

COMMITTEE OF ORIGIN: Committee on Economic Development

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.