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**Finance Committee**

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**HB 3147**

**Brief Description:** Concerning sales and use tax exemptions for certain equipment and infrastructure contained in data centers.

**Sponsors:** Representatives Ormsby, Kessler, Pettigrew, Armstrong, Hinkle, Warnick, Condotta and Kenney; by request of Department of Revenue.

**Brief Summary of Bill**

- Provides a retail sales and use tax exemption for server equipment and power infrastructure for computer data centers. The exemption expires on April 1, 2018.

**Hearing Date:** 2/5/10

**Staff:** Susan Howson (786-7142).

**Background:**

Retail sales and use taxes are imposed by the state, most cities, and all counties. Retail sales taxes are imposed on retail sales of most articles of tangible personal property and some services. The state tax rate is 6.5 percent. Local tax rates vary from 0.5 percent to 3 percent depending on the location.

**Summary of Bill:**

A retail sales and use tax exemption is provided for server equipment, including labor and services related to installation, for computer data centers. The exemption also applies to power infrastructure, including labor and services related to installation, repair, alteration, and improvement of the power infrastructure.

To qualify for the exemption, a data center must: (1) be located in a rural county; (2) have at least 20,000 square feet dedicated to housing servers; and (3) have a building permit issued for construction, expansion, renovation, or other improvements between April 1, 2010 and June 30,

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2011. Server equipment must be installed on or after April 1, 2010, and replacement server equipment originally exempt under this law must be installed prior to April 1, 2018.

This exemption expires on April 1, 2018.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill contains an emergency clause and takes effect on April 1, 2010.