

# FINAL BILL REPORT

## ESSB 6789

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Synopsis as Enacted

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

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Prentice, Zarelli, Murray, Hewitt, Holmquist and Parlette; by request of Department of Revenue).

#### **Senate Committee on Ways & Means**

**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 3.0 percent depending on the location.

**Summary:** A sales and use tax exemption is provided for eligible server equipment and power infrastructure for eligible computer data centers. The exemption expires on April 1, 2018.

In order to qualify a data center must:

- be located in a rural county;
- have at least 20,000 square feet dedicated to housing servers; and
- have commenced construction between April 1, 2010, and before July 1, 2011.

Commencement of construction means the date that a building permit is issued under the building code for construction of a computer data center. Construction of a data center includes the expansion, renovation, or other improvements made to existing facilities, including leased or rented space.

Eligible server equipment is the original server equipment installed in an eligible data center after April 1, 2010, and replacement server equipment which replaces servers originally exempt under this law and is installed prior to April 1, 2018.

#### **Votes on Final Passage:**

#### First Special Session

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

Senate 39 4  
House 91 2

**Effective:** April 1, 2010