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## Technology & Economic Development Committee

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### HB 2673

**Brief Description:** Providing a tax preference for nonrural data centers.

**Sponsors:** Representatives Springer, Stambaugh, Stokesbary, McDonald and McBride.

<p style="text-align: center;"><b>Brief Summary of Bill</b></p> <ul style="list-style-type: none"><li>• Provides a retail sales and use tax exemption for server equipment and power infrastructure for nonrural data centers.</li></ul>
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**Hearing Date:** 1/24/18

**Staff:** Lily Smith (786-7175).

**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 depending on the location.

A retail sales and use tax exemption is available for sales of server equipment and power infrastructure to eligible data centers in rural counties. Rural counties are counties with a population density of less than 100 persons per square mile or that are smaller than 225 square miles.

**Summary of Bill:**

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

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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.*

To qualify for the exemption, a data center must: (1) have at least twenty thousand square feet dedicated to working servers; (2) be located in a nonrural county; and (3) meet minimum power availability and use requirements. Server equipment must be installed within three years of the issuance of the exemption.

The exemption expires on January 1, 2029.

**Appropriation:** None.

**Fiscal Note:** Requested on January 16, 2018.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.