## HOUSE RESEARCH =

## Bill Summary =

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**Subject:** Sales tax exemption for qualified data centers

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## **Overview**

Provides two sales tax exemptions for new and expanding data centers that meet certain requirements-a construction exemption and an exemption for ongoing equipment, computer software, and electricity purchases.

- Qualified data centers. Exempts purchases of enterprise information technology equipment, computer software, and electricity used in a qualified data center from the sales tax. "Qualified data center" is defined in section 2. Effective for purchases after June 30, 2011.
- Qualified data centers. Exempts from sales tax the purchase of material and supplies, enterprise technology equipment, and computer software incorporated into the construction, improvement, or expansion of a qualified data center. To be a "qualified data center" the facility must meet the following requirements:
  - 1. It must be at least 30,000 square feet and at least 30,000 square feet is new construction, rebuilt, or modified; or

Between 10,000 and 30,000 square feet with at least 10,000 square feet constructed, rebuilt, or modified, and a total investment of at least \$10 million in construction, refurbishment, equipment, and computer software in a 24-month period.

- 2. The facility must have the following features:
  - a. Uninterruptable power supply and/or generator backup power;
  - b. Sophisticated fire suppression and prevention systems; and
  - c. Enhanced security systems and features.

"Enterprise information technology equipment" includes not only computers and related systems including networks and data storage; but also cooling and temperature control systems; power generation and distribution equipment and related infrastructure, and racking systems, cabling, and trays.

Effective for purchases made after June 30, 2011.