



HB 696 – High Tech Data Center Sales Tax Exemption on Equipment

Overview: HB 696 creates a new sales tax exemption on equipment used in a colocation high-tech data center that meets certain tiered investment thresholds. In addition, single tenant high-technology data centers will also qualify for this new incentive, while the current exemption for single tenant high technology data centers or clients who purchase equipment totaling more than \$15 million in a calendar year remains in place. The list of equipment eligible for the exemption, detailed under definitions in the section below, is also expanded under this bill. The law becomes effective January 1, 2019 and sunsets December 31, 2028.

Investment thresholds in counties with a population of:

- Greater than 50,000 people – \$250 million in expenditures over seven consecutive years.
- 30,000 – 50,000 people – \$150 million in expenditures over seven consecutive years.
- Less than 30,000 people – \$100 million in expenditures over seven consecutive years.

Other points of consideration:

- From July 1, 2018 to January 1, 2019, certain supporting aspects of the qualifying data center ecosystem may be eligible for sales tax exemption. The GDOR will utilize a look back, or rebate, of taxes only for this initial six-month period as rules and regulations are developed.
- Equipment used in a high-tech data center that meets the investment threshold is exempt from sales tax after January 1, 2019, on a front-end basis.
- If a high-tech data center qualifies and utilizes the sales tax exemption, it will be disallowed from taking certain state job tax credits.
- The Georgia Department of Revenue may require a surety bond, up to \$20 million, before issuing the sales tax exemption certificate, considering an array of factors, including past in-state investment.
- An annual report by the high-technology data center detailing the amount of taxes exempted, the number of new quality jobs created and the total payroll of those employed by the data center must be submitted to the Georgia Department of Revenue, as well legislative committees of jurisdiction—Senate Finance and House Ways & Means.

Definitions

High-Tech Data Center: a facility, campus of facilities, or array of interconnected facilities in this state that is developed to power, cool, secure and connect its own equipment or the computer equipment of high-technology data center customers and that has an investment budget plan that meets investment threshold.

High-tech data center equipment: high-tech data center customer equipment, and the materials, components, machinery, hardware, software, or equipment, including but not limited to emergency backup generators, air handling units, cooling towers, energy storage or energy efficiency technology, switches, power distribution units, switching gear, peripheral computer devices, routers, batteries, wiring, cabling or conduit, as well as equipment under current data center exemption.