



Sales Tax Exemption on Equipment for High Tech Data Centers

Overview:

Created in 2018 by HB 696, this incentive allows for a sales tax exemption on equipment used in a colocation high-tech data center that meets certain tiered investment thresholds. The 2018 legislation also expanded the list of equipment eligible for the exemption.

Single-tenant high-technology data centers qualify for this incentive in addition to an existing exemption for equipment purchases totaling more than \$15 million in a calendar year.

The 2018 law became effective January 1, 2019 and will sunset December 31, 2028.

Investment thresholds by county population:

- 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:

- Equipment used in a high-tech data center that meets the investment threshold is exempt from sales tax after January 1, 2019.
- If a high-tech data center qualifies and utilizes the sales tax exemption, it will not be allowed to take certain state job tax credits.
- The Georgia Department of Revenue (GDOR) may require a surety bond of up to \$20 million before issuing the sales tax exemption certificate. GDOR can consider 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 GDOR and the 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.

Colocation high-tech data center: type of data center where equipment, space and bandwidth are available for rental to multiple retail customers.

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.