



# Senate Finance Committee

Senator John H. Eichelberger, Jr.  
Chairman



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## ANALYSIS

**BILL NUMBER:** Senate Bill 798, P.N. 863

**SPONSOR:** Hutchinson

### SYNOPSIS:

Senate Bill 798 would amend the Tax Reform Code of 1971 to provide a tax exemption for data center investment.

### SUMMARY/ANALYSIS:

The bill would provide a sales and use tax exemption for the sale at retail or use of computer data center equipment for installation in a computer data center. The exemption would be available to an owner or operator of a computer data center or a qualified tenant of a new computer data center. An owner, operator or tenant must prepare and deliver a properly executed exemption certificate to a vendor from which the owner, operator or tenant purchases exempt property.

Eligibility for the exemption would be certified by the Department of revenue. To be eligible, the owner or operator of a computer data center or qualified tenant must meet one of the following requirements:

- (1) On or before the fourth anniversary of certification, the computer data center creates a minimum investment of:
  - (i) At least \$25,000,000 of new investment if the computer data center is located in a county with a population of 250,000 or fewer individuals; or
  - (ii) At least \$50,000,000 of new investment if the computer data center is located in a county with a population of more than 250,000 individuals.
- (2) On or before the fourth anniversary of certification, one or more taxpayers operating or occupying a computer data center, in the aggregate, pay annual compensation of at least \$1,000,000 to employees at the certified computer data center site for each year of the certification.

Until a computer data center satisfies the requirements prescribed in section 2906-D, the owner, operator and qualified tenants shall maintain detailed records of all investment created by the computer data center, including costs of buildings and computer data center equipment, and all tax exemption directly received by the owner, operator or qualified tenant. If the department determines that the requirements have not been satisfied, the department may revoke the certification of a computer data center. If certification is revoked pursuant to this section, the qualification period of any owner, operator or qualified tenant of the computer data center expires, and the department may recapture from the owner, operator or qualified tenant all or part of the tax exemption provided directly to the owner or operator.

### EFFECTIVE DATE:

The Act would take effect immediately.

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