

HCS HB 222 -- TECHNOLOGY BUSINESS FACILITIES AND DATA STORAGE CENTERS

SPONSOR: Austin

COMMITTEE ACTION: Voted "Do Pass" by the Committee on Economic Development by a vote of 27 to 0.

Beginning August 28, 2013, this substitute authorizes a state and local sales and use tax exemption on items related to new data storage centers, limited to the net fiscal benefit of the state calculated over a 10-year period on:

- (1) All electrical energy, gas, water, and other utilities including telecommunications and Internet services used in a new data storage center;
- (2) All machinery, equipment, and computers used in any new center; and
- (3) All retail sales of tangible personal property and materials for the purposes of constructing a new data storage center.

Any new data storage center facility project seeking a tax exemption must submit a notice of intent and a project plan to the Department of Economic Development which identifies each known constructing and operating taxpayer for the project and any additional information that the department may require. The department must determine whether the project is eligible for exemption by verifying that a new facility will invest at least \$5 million within 12 consecutive months and results in the creation of at least five new jobs during a period of up to 12 consecutive months from the date of condition approval. The department must make a conditional determination within 30 days of submission by the operating taxpayer. Failure of the department to respond within the 30 days must result in a project plan being deemed conditionally approved.

Upon approval by the department, project taxpayers for expanding data center projects may, beginning August 28, 2013, and for a period of up to 10 years, be exempted from state and local sales and use taxes exemption on:

- (1) All electrical energy, gas, water, and other utilities including telecommunication and Internet services which, on an annual basis, exceed the amount used in the existing or the replaced facility prior to the expansion;
- (2) All machinery, equipment, and computers used in any expanding

center; and

(3) All retail sales of tangible personal property and materials for the purpose of constructing, repairing, or remodeling an expanding data storage center.

Any expanding data storage center wishing to utilize these exemptions must submit a notice of intent and a project plan to the department that identifies each known constructing and operating taxpayer and any additional information that the department may reasonably require to determine eligibility for the exemption. The department must determine whether the project is eligible for exemption by verifying that an expanding facility will invest at least \$1 million within 12 consecutive months. The department must make a conditional determination within 30 days of submission by the operating taxpayer. Failure of the department to respond within 30 days will result in a project plan being deemed conditionally approved. The departments of Economic Development and Revenue must conduct random audits to ensure that the intent of these provisions is followed. No recipient of an exemption can be eligible for benefits under any business recruitment tax credit under Section 135.800, RSMo.

The provisions of the substitute regarding the tax exemption regarding expanding data centers terminate on September 1, 2019.

**PROPONENTS:** Supporters say that the bill will create high-paying jobs and will not generate costs to the state until after the centers are producing.

Testifying for the bill were Representative Zerr; Missouri Chamber of Commerce; Associated Industries of Missouri; Branson/Lakes Area Chamber of Commerce; St. Louis Regional Chamber and Growth Association; Scott Wagner, Kansas City Councilman; Economic Development Corporation of Kansas City, Missouri; Missouri Telecommunications Industry Association; Missouri Insurance Coalition; Greater Kansas City Chamber of Commerce; City Utilities of Springfield, Mo; Cerner Corporation; JE Dunn Construction; Missouri Coalition for Data Centers; Missouri Municipal League; Johnson County Economic Development Corporation; Platte County Economic Development Council; Verizon Communications; and Kansas City Power and Light.

**OPPONENTS:** There was no opposition voiced to the committee.