

HCS HB 366 -- TECHNOLOGY BUSINESS FACILITIES AND DATA STORAGE
CENTERS AND SERVER FARM FACILITIES

SPONSOR: Zerr (Silvey)

COMMITTEE ACTION: Voted "do pass" by the Committee on Economic
Development by a vote of 23 to 0.

This substitute authorizes tax incentives for technology business
facilities and for data storage centers and server farm
facilities.

MUNICIPAL TECHNOLOGY BUSINESS FACILITY PROJECTS (Section 67.2050,
RSMo)

The governing body of any county, city, incorporated town, or
village is allowed to engage in projects involving a technology
business facility used for wired telecommunications; data
processing, hosting, and related services; or Internet publishing
and broadcasting and web search portals. The governing body is
authorized to:

- (1) Carry out technology business facility projects for economic
development;
- (2) Accept grants from the federal and state governments for the
project's purposes and enter into an agreement which may be
required by the grantor if the agreement is not contrary to
Missouri laws;
- (3) Receive any gifts and donations from private sources to be
used for the project's purposes; and
- (4) Enter into loan agreements, sell, lease, or mortgage to
individuals, partnerships, or corporations any component of a
technology business facility project.

Transactions involving the lease or rental of any project
component are exempt from local sales taxes, and leasehold
interests will not be subject to property taxes.

If an individual or corporation transfers property for a project
free of charge to the governing body, it will retain the right to
have the governing body transfer the donated property back at no
cost.

DATA STORAGE CENTERS AND SERVER FARM FACILITIES (Section 144.810)

Beginning August 28, 2011, the substitute authorizes a state and
local sales and use tax exemption on items related to new data

storage centers and server farm facilities including:

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

Any new data storage center and server farm facility project wishing to utilize these exemptions must submit a project plan to the Department of Economic Development which identifies each known constructing and operating taxpayer for the project. The department must determine whether the project is eligible for exemption by verifying that a new facility will invest at least \$5 million within 36 consecutive months. The departments of Economic Development and Revenue must cooperate in conducting random audits to make certain that the intent of these provisions is followed.

Beginning August 28, 2011, the substitute authorizes a state and local sales tax exemption on items related to expanding data storage centers and server farm facilities including:

- (1) All electrical energy, gas, water, and other utilities including telecommunications 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 if the cost, on an annual basis, exceeds the average of the previous three years' expenditures used in the existing or the replaced facility prior to the expansion; and
- (3) All retail sales of tangible personal property and materials for the purposes of constructing, repairing, or remodeling an expanding data storage center and server farm facility.

Any expanding data storage center and server farm facility project wishing to utilize these exemptions must submit an expanding project plan to the Department of Economic Development which identifies each known constructing and operating taxpayer. 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 departments of Economic Development and Revenue must conduct random audits to make certain that the intent of these provisions is followed.

FISCAL NOTE: Estimated Net Effect on General Revenue Fund of an income of \$0 in FY 2012, an income of \$0 in FY 2013, and a cost of More than \$100,000 in FY 2014. Estimated Net Effect on Other State Funds of an income of \$0 in FY 2012, an income of \$0 in FY 2013, and a cost of Less than \$100,000 in FY 2014.

PROPOSERS: Supporters say that the only way for the state to recover from its budget deficit is to put people to work and the bill goes a long way toward accomplishing this objective. Jobs in the emerging industries are coming to the midwest, not just to Missouri. The authorized tax abatements are back-loaded which means that no benefit is given to a company until a certain amount of investment is actually made.

Testifying for the bill were Representative Silvey; Gail Hinshaw, The Mountain Complex; Ora Reynolds, Missouri Coalition for Data Centers and Hunt Midwest Real Estate Development, Incorporated; Missouri Chamber of Commerce and Industry; Associated Industries of Missouri; Missouri Telecommunications Industry Association; Mark Dickey, Lee's Summit Chamber of Commerce; City Utilities of Springfield; Kansas City Power and Light; Greater Kansas City Chamber of Commerce; Cerner Corporation; and City of Branson.

OPPOSERS: There was no opposition voiced to the committee.