

SENATE
STATE OF MINNESOTA
EIGHTY-EIGHTH SESSION

S.F. No. 2934

(SENATE AUTHORS: REST)

DATE	D-PG	OFFICIAL STATUS
03/31/2014	7188	Introduction and first reading Referred to Taxes

1.1 A bill for an act
 1.2 relating to taxation; sales and use; modifying exemption for data centers;
 1.3 amending Minnesota Statutes 2013 Supplement, section 297A.68, subdivision
 1.4 42; Laws 2013, chapter 143, article 8, section 27.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2013 Supplement, section 297A.68, subdivision 42,
 1.7 is amended to read:

1.8 Subd. 42. **Qualified data centers.** (a) Purchases of: (1) enterprise information
 1.9 technology equipment; and (2) computer software purchased after June 30, 2013, for use
 1.10 in a qualified data center, or a qualified refurbished data center, are exempt. The tax
 1.11 on purchases exempt under this paragraph must be imposed and collected as if the rate
 1.12 under section 297A.62, subdivision 1, applied, and then refunded after June 30, 2013, in
 1.13 the manner provided in section 297A.75. This exemption includes enterprise information
 1.14 technology equipment and computer software purchased to replace or upgrade enterprise
 1.15 information technology equipment and computer software in a qualified data center, or a
 1.16 qualified refurbished data center.

1.17 (b) Electricity used or consumed in the operation of a qualified data center or
 1.18 qualified refurbished data center is exempt.

1.19 (c) For purposes of this subdivision, "qualified data center, ~~or a qualified refurbished~~
 1.20 ~~data center,~~" means a facility in Minnesota:

1.21 (1) that is comprised of one or more buildings that consist in the aggregate of
 1.22 at least 25,000 square feet, and that are located on a single parcel or on contiguous
 1.23 parcels, where the total cost of construction or refurbishment, investment in enterprise

2.1 information technology equipment, and computer software is at least \$30,000,000 within
2.2 a 48-month period;

2.3 (2) that is constructed or substantially refurbished after June 30, 2012, where
2.4 "substantially refurbished" means that at least 25,000 square feet have been rebuilt or
2.5 modified, including:

2.6 (i) installation of enterprise information technology equipment; environmental
2.7 control; computer software, purchased after June 30, 2013; and energy efficiency
2.8 improvements; and

2.9 (ii) building improvements; and

2.10 (3) that is used to house enterprise information technology equipment, where the
2.11 facility has the following characteristics:

2.12 (i) uninterruptible power supplies, generator backup power, or both;

2.13 (ii) sophisticated fire suppression and prevention systems; and

2.14 (iii) enhanced security. A facility will be considered to have enhanced security if it
2.15 has restricted access to the facility to selected personnel; permanent security guards; video
2.16 camera surveillance; an electronic system requiring pass codes, keycards, or biometric
2.17 scans, such as hand scans and retinal or fingerprint recognition; or similar security features.

2.18 In determining whether the facility has the required square footage, the square
2.19 footage of the following spaces shall be included if the spaces support the operation
2.20 of enterprise information technology equipment: office space, meeting space, and
2.21 mechanical and other support facilities. For purposes of this subdivision, "computer
2.22 software" includes, but is not limited to, software utilized or loaded at the qualified data
2.23 center, including maintenance, licensing, and software customization.

2.24 (d) For purposes of this subdivision, a "qualified refurbished data center" means an
2.25 existing facility that qualifies as a data center under paragraph (c), clauses (2) and (3), ~~but~~
2.26 ~~that is comprised of one or more buildings that consist in the aggregate of at least 25,000~~
2.27 ~~square feet, and that are located on a single parcel or contiguous parcels, where the with a~~
2.28 total cost of construction or refurbishment, investment in enterprise information technology
2.29 equipment, and computer software is of at least \$50,000,000 within a 24-month period.

2.30 (e) For purposes of this subdivision, "enterprise information technology equipment"
2.31 means computers and equipment supporting computing, networking, or data storage,
2.32 including servers and routers. It includes, but is not limited to: cooling systems,
2.33 cooling towers, and other temperature control infrastructure; power infrastructure for
2.34 transformation, distribution, or management of electricity used for the maintenance
2.35 and operation of a qualified data center, including but not limited to exterior dedicated
2.36 business-owned substations, backup power generation systems, battery systems, and

3.1 related infrastructure; and racking systems, cabling, and trays, which are necessary for
3.2 the maintenance and operation of the qualified data center.

3.3 (f) A qualified data center or qualified refurbished data center may claim the
3.4 exemptions in this subdivision for purchases made either within 20 years of the date of
3.5 its first purchase qualifying for the exemption under paragraph (a), or by June 30, 2042,
3.6 whichever is earlier.

3.7 (g) The purpose of this exemption is to create jobs in the construction and data
3.8 center industries.

3.9 (h) This subdivision is effective for sales and purchases made ~~after June 30, 2012,~~
3.10 ~~and~~ before July 1, 2042.

3.11 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
3.12 made after June 30, 2012, except that for purchases of computer software, this section is
3.13 effective for sales and purchases made after June 30, 2013.

3.14 Sec. 2. Laws 2013, chapter 143, article 8, section 27, the effective date, is amended to
3.15 read:

3.16 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
3.17 made after June 30, 2013 2012, except that for purchases of computer software, this
3.18 section is effective for sales and purchases made after June 30, 2013.

3.19 **EFFECTIVE DATE.** This section is effective the day following final enactment.