

DATA CENTER SALES TAX EXEMPTION

CAPITAL INVESTMENT INCENTIVE

DESCRIPTION

The Data Center Gross Retail and Use Tax Exemption provides a sales and use tax exemption on purchases of qualifying data center equipment and energy to operators of a qualified data center for a period not to exceed 25 years for data center investments of less than \$750 million. If the investment exceeds \$750 million, the IEDC may award an exemption for up to 50 years. This program is established by Indiana Code § 6-2.5-15.

Local governments may also provide a personal property tax exemption on qualified enterprise information technology equipment to owners of a data center who invest at least \$25 million in real and personal property in the facility.

ELIGIBILITY

To qualify for the exemptions, data centers must reach a certain threshold for investment within 5 years of receiving an exemption certificate from the Department of Revenue. The minimum investment required is determined by the population of the county in which the qualified data center is located:

- » \$25 million in counties with less than 50,000 people
- » \$100 million in counties between 50,000 and 100,000 people
- » \$150 million in counties with 100,000 or more people

Equipment that is eligible for the exemption includes the servers and related computer equipment or software purchased or leased for the processing, storage, retrieval or communication of data, as well as other equipment essential to the operation of the data center. This includes electricity used in qualified data center operations. All equipment purchases must be approved by the IEDC before they are made.

EVALUATION CRITERIA

Each project will be evaluated on its individual merits and will undergo a cost-benefit analysis.

APPLICATION & TAX EXEMPTION

Data centers are required to apply to the IEDC for a specific transaction award certificate.

After applying to the IEDC for a specific transaction award certificate, the Indiana Department of Revenue will issue the data center proof of tax-exempt status.

The data center tax exempt status applies for up to 25 or 50 years, depending on the amount of investment the data center commits.

REPORTING REQUIREMENTS

Upon execution of a Data Center Sales Tax Exemption contract with the IEDC, qualified data center operators are required to report for every calendar year during the term of the contract.

Information required:

- » Summary statistics relating to qualified expenditures that occurred in the applicable year
- » Detailed line-item report of eligible expenditures and how much tax was not paid as a result of the exemption, verified by an independent third party