

## Personal Property Tax Exemption for Data Centers

- Defines qualified "enterprise class IT equipment" (includes generators and other equipment used to ensure uninterrupted power in the definition)<sup>1</sup>:
  - Servers
  - Storage Devices
  - Networking Equipment (routers, wiring)
  - IT Racking
  - Computer Room Air Conditioning Unit
  - Air Handling Unit
  - Power Delivery Systems
    - Uninterruptible Power Supply Unit
    - Power Distribution Unit
- Only **qualified** businesses are eligible to receive an exemption on investment made after July 1, 2009. Business activities that perform digital information management (data processing, data storage, and communications networking) include<sup>1</sup>:
  - Financial Services
  - Life Sciences
  - Nanotechnology
  - Media
  - Insurance
  - Education
  - Government
- Types of data centers include<sup>2</sup>:
  - Server Closet - Less than 200sf/1-2 servers
  - Server Room - Less than 500sf/a few to dozens of servers
  - Localized Data Center - Less 1,000sf/dozens to hundreds of servers
  - Mid-Tier Data Center - Less than 5,000sf/hundreds of servers
  - Enterprise-Class Data Center - More than 5,000sf/hundreds to thousands of servers
- Single-user workstations, desk top computers and/or laptop computers are not eligible for the exemption.
- Business activities that are not eligible include:
  - Call Centers
  - Back Office Operations
  - Customer Service Operations
  - Credit/Claims Processing Operations
- Requires a minimum capital investment of \$10,000,000. This includes all investment but only the IT equipment will be exempt.
- Requires local government to pass a declaratory resolution establishing length of exemption and penalties, if any.
- Includes a sunset date of 2013 (exemptions awarded before that date are grandfathered in and remain in effect).
- Provides for transfer of ownership of a facility and its equipment.

<sup>1</sup>Environmental Protection Agency, P.L. 109-431

<sup>2</sup>Lawrence Berkley National Laboratory, Technical Best Practices for Data Center Energy Management; Environment Protection Agency, IT Equipment and Site Infrastructure System Characteristics by Space Type (Pg. 37, Table 2.1)