

House Bill 696 (COMMITTEE SUBSTITUTE) (AM)

By: Representatives Kelley of the 16th, Coomer of the 14th, Watson of the 172nd, Shaw of the 176th, Stephens of the 164th, and others

A BILL TO BE ENTITLED
AN ACT

1 To amend Code Section 48-8-3 of the Official Code of Georgia Annotated, relating to
2 exemptions from state sales and use taxes, so as to create an exemption for certain computer
3 equipment sold or leased to certain entities for use in high-technology data centers; to
4 provide for conditions of exemption; to provide for reporting; to provide for definitions; to
5 provide for related matters; to repeal conflicting laws; and for other purposes.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

7 **SECTION 1.**

8 Code Section 48-8-3 of the Official Code of Georgia Annotated, relating to exemptions from
9 state sales and use taxes, is amended by adding a new paragraph to read as follows:

10 "(68.1)(A) For the period commencing on July 1, 2018, and ending on June 30, 2028,
11 high-technology data center equipment to be incorporated or used in a high-technology
12 data center that meets the high-technology data center minimum investment threshold
13 and other conditions provided in this paragraph.

14 (B) Any person making a sale or lease of high-technology data center equipment shall
15 collect the tax imposed on such sale by this article unless the purchaser furnishes such
16 seller with a certificate issued by the commissioner certifying that such sale or lease is
17 exempted pursuant to this paragraph.

18 (C)(i) The commissioner shall not issue a certificate of exemption from sales and use
19 tax as provided in this paragraph unless:

20 (I) He or she makes a determination that the high-technology data center will more
21 likely than not meet the high-technology data center minimum investment
22 threshold; and

23 (II) The high-technology data center posts a valid bond of \$20 million with the
24 commissioner.

25 (ii) The commissioner may require any information necessary to determine if such
 26 high-technology data center is in compliance with its investment budgeting plan to
 27 meet the high-technology data center minimum investment threshold.

28 (D) The bond required by subparagraph (C) of this paragraph shall be forfeited in full
 29 and paid into the general fund if:

30 (i) The high-technology data center does not complete the high-technology data
 31 center minimum investment threshold by June 30, 2028;

32 (ii) The high-technology data center files for bankruptcy; or

33 (iii) Any tangible personal property exempted pursuant to a certificate of exemption
 34 issued in accordance with this paragraph receives an abatement of property tax
 35 granted by a county or municipality.

36 (E) The commissioner shall require annual reporting by the high-technology data
 37 center of the number of jobs and total payroll resulting from construction, maintenance,
 38 and operation in and on its facility during the preceding year.

39 (F) The exemption provided by this paragraph shall not apply to tangible personal
 40 property for which a high-technology data center or high-technology data center
 41 customer is receiving or will receive an abatement of property tax.

42 (G) Tangible personal property that receives any other exemption from the tax imposed
 43 by this article shall not be applied to a high-technology data center minimum
 44 investment threshold.

45 (H) The commissioner shall promulgate such rules and regulations as are necessary to
 46 implement the provisions of this paragraph.

47 (I) As used in this paragraph, the term:

48 (i) 'High-technology data center' means a facility, campus of facilities, or array of
 49 interconnected facilities in the state that is developed to power, cool, secure, and
 50 connect its own equipment or the computer equipment of high-technology data center
 51 customers and that has an investment budget plan which meets the high-technology
 52 data center minimum investment threshold.

53 (ii) 'High-technology data center customer' means a client, tenant, licensee, or end
 54 user of a high-technology data center that signs at least a 36 month contract for
 55 service with the high-technology data center.

56 (iii) 'High-technology data center equipment' means the computer equipment as
 57 defined in subparagraph (A) of paragraph (68) of this Code section of a
 58 high-technology data center or a high-technology data center customer; and the
 59 materials, components, machinery, hardware, software, or equipment, including but
 60 not limited to, emergency backup generators, air handling units, cooling towers,
 61 energy storage or energy efficiency technology, switches, power distribution units,

62 switching gear, peripheral computer devices, routers, batteries, wiring, cabling,
63 conduit, which equipment or materials are used to:

64 (I) Create, manage, facilitate, or maintain the physical and digital environments for
65 computer equipment;

66 (II) Protect the high-technology data center equipment from physical,
67 environmental, or digital threats; or

68 (III) Generate or provide constant delivery of power, environmental conditioning,
69 air cooling, or telecommunication services for the high-technology data center.

70 (iv) 'High-technology data center minimum investment threshold' means \$250
71 million in aggregate expenditures incurred in this state between July 1, 2018, and June
72 30, 2028 on:

73 (I) The design and construction of a high-technology data center in this state; and

74 (II) High-technology data center equipment to be used or incorporated in a
75 high-technology data center in this state."

76 **SECTION 2.**

77 All laws and parts of laws in conflict with this Act are repealed.