

# House Amendment 1625

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1 1 Amend the amendment, H=1599, to House File 819 as  
1 2 follows:  
1 3 #1. By striking page 1, line 10, through page 4,  
1 4 line 12, and inserting the following:  
1 5 <Sec. \_\_\_\_\_. Section 423.3, Code 2009, is amended by  
1 6 adding the following new subsection:  
1 7 NEW SUBSECTION. 95. a. (1) The sales price from  
1 8 the sale or rental of computers and equipment that are  
1 9 necessary for the maintenance and operation of a data  
1 10 center business and property whether directly or  
1 11 indirectly connected to the computers, including but  
1 12 not limited to cooling systems, cooling towers, and  
1 13 other temperature control infrastructure; power  
1 14 infrastructure for transformation, distribution, or  
1 15 management of electricity used for the maintenance and  
1 16 operation of the data center business, including but  
1 17 not limited to exterior dedicated business-owned  
1 18 substations, backup power generation systems, battery  
1 19 systems, and related infrastructure; and racking  
1 20 systems, cabling, and trays, which are necessary for  
1 21 the maintenance and operation of the data center  
1 22 business.  
1 23 (2) The sales price of backup power generation  
1 24 fuel that is purchased by a data center business for  
1 25 use in the items listed in subparagraph (1).  
1 26 (3) The sales price of electricity purchased for  
1 27 use by a data center business.  
1 28 b. For the purpose of claiming this exemption, all  
1 29 of the following requirements shall be met:  
1 30 (1) The purchaser or renter shall be a data center  
1 31 business.  
1 32 (2) The data center business shall have a physical  
1 33 location in the state that is, in the aggregate, at  
1 34 least five thousand square feet in size that is used  
1 35 for the operations and maintenance of the data center  
1 36 business.  
1 37 (3) The data center business shall make a minimum  
1 38 investment in an Iowa physical location of two hundred  
1 39 million dollars within the first six years of  
1 40 operation in Iowa beginning with the date the data  
1 41 center business initiates site preparation activities.  
1 42 The minimum investment includes the initial  
1 43 investment, including land and subsequent acquisition  
1 44 of additional adjacent land and subsequent investment  
1 45 at the Iowa location.  
1 46 (4) The data center business shall comply with the  
1 47 sustainable design and construction standards  
1 48 established by the state building code commissioner  
1 49 pursuant to section 103A.8B.  
1 50 c. This exemption applies from the date of the  
2 1 initial investment in or the initiation of site  
2 2 preparation activities for the data center business  
2 3 facility as described in paragraph "b".  
2 4 d. Failure to meet eighty percent of the minimum  
2 5 investment amount requirement specified in paragraph  
2 6 "b" within the first six years of operation from the  
2 7 date the data center business initiates site  
2 8 preparation activities will result in the data center  
2 9 business losing the right to claim this data center  
2 10 business exemption and the data center business shall  
2 11 pay all sales or use tax that would have been due on  
2 12 the purchase or rental or use of the items listed in  
2 13 this exemption, plus any applicable penalty and  
2 14 interest imposed by statute.  
2 15 e. For purposes of this subsection:  
2 16 (1) "Data center" means a building rehabilitated  
2 17 or constructed to house a group of networked server  
2 18 computers in one physical location in order to  
2 19 centralize the storage, management, and dissemination  
2 20 of data and information pertaining to a particular  
2 21 business, taxonomy, or body of knowledge. A data  
2 22 center business's facility typically includes the  
2 23 mechanical and electrical systems, redundant or backup  
2 24 power supplies, redundant data communications

2 25 connections, environmental controls, and fire  
2 26 suppression systems. A data center business's  
2 27 facility also includes a restricted access area  
2 28 employing advanced physical security measures such as  
2 29 video surveillance systems and card-based security or  
2 30 biometric security access systems.

2 31 (2) "Data center business" means an entity whose  
2 32 business among other businesses, is to operate a data  
2 33 center.

2 34 Sec. \_\_\_\_ Section 423.4, subsection 8, Code 2009,  
2 35 is amended to read as follows:

2 36 8. a. The owner of ~~an information technology~~  
2 37 ~~facility a data center business, as defined in section~~  
2 38 ~~423.3, subsection 95, located in this state on July 1,~~  
2 39 ~~2007, and having a primary business with a North~~  
2 40 ~~American industry classification system number 518210~~  
2 41 ~~or 541519 as verified by the department of economic~~  
2 42 ~~development using nationally recognized third-party~~  
2 43 ~~sources such as Hoovers, Harris Directory or others~~  
2 44 ~~designated by the department of economic development,~~  
2 45 may make an annual application for up to five  
2 46 consecutive years to the department for the refund of  
2 47 fifty percent of the sales or use tax upon the sales  
2 48 price of all sales of fuel used in creating heat,  
2 49 power, and steam for processing or generating  
2 50 electrical current, or from the sale of electricity  
3 1 consumed by computers, machinery, or other equipment  
3 2 for operation of the ~~technology data center business~~  
3 3 facility.

3 4 b. ~~An information technology facility~~ A data  
3 5 center business shall qualify for the refund in this  
3 6 subsection if all of the following criteria are met:

3 7 (1) ~~The facility's six-digit North American~~  
3 8 ~~industry classification system number 518210 or 541519~~  
3 9 ~~indicates that the facility is primarily engaged in~~  
3 10 ~~providing computer-related services~~ data center  
3 11 business shall make an investment in an Iowa physical  
3 12 location within the first three years of operation in  
3 13 Iowa beginning with the date on which the data center  
3 14 business initiates site preparation activities.

3 15 (2) ~~The amount of the investment in an Iowa~~  
3 16 ~~physical location, including the value of a lease~~  
3 17 ~~agreement, or an investment in land or buildings, and~~  
3 18 ~~the capital expenditures for computers, machinery, and~~  
3 19 ~~other equipment used in the operation of the facility~~  
3 20 ~~equals~~ data center business shall equal at least one  
3 21 million dollars, but shall not exceed ten million  
3 22 dollars for a newly constructed building or five  
3 23 million dollars for a rehabilitated building.

3 24 (3) ~~If the data center business is leasing a~~  
3 25 ~~building to house operations, the data center business~~  
3 26 ~~shall enter into a lease that is at least five years~~  
3 27 ~~in duration.~~

3 28 ~~(3) (4) The facility is certified as meeting the~~  
3 29 ~~Leadership in Energy and Environmental Design (LEED)~~  
3 30 ~~standards~~ data center business shall comply with the  
3 31 sustainable design and construction standards  
3 32 established by the state building code commissioner  
3 33 pursuant to section 103A.8B.

3 34 c. The refund may be obtained only in the  
3 35 following manner and under the following conditions:

3 36 (1) The applicant shall use forms furnished by the  
3 37 department.

3 38 (2) The applicant shall separately list the  
3 39 amounts of sales and use tax paid during the reporting  
3 40 period.

3 41 (3) The applicant may request when the refund  
3 42 begins, but it must start on the first day of a month  
3 43 and proceed for a continuous twelve-month period.

3 44 d. In determining the amount to be refunded, if  
3 45 the dates of the utility billing or meter reading  
3 46 cycle for the sale or furnishing of metered gas and  
3 47 electricity are on or after the first day of the first  
3 48 month through the last day of the last month of the  
3 49 refund year, ~~the full~~ fifty percent of the amount of  
3 50 tax charged in the billings shall be refunded. In  
4 1 determining the amount to be refunded, if the dates of  
4 2 the sale or furnishing of fuel for purposes of  
4 3 commercial energy and the delivery of the fuel are on  
4 4 or after the first day of the first month through the  
4 5 last day of the last month of the refund year, ~~the~~

4 6 full fifty percent of the amount of tax charged in the  
4 7 billings shall be refunded.

4 8 e. To receive refunds during the five-year period,  
4 9 the applicant shall file a refund claim within three  
4 10 months after the end of each refund year.

4 11 f. The refund in this subsection applies only to  
4 12 state sales and use tax paid and does not apply to  
4 13 local option sales and services taxes imposed pursuant  
4 14 to ~~chapters chapter~~ 423B and 423E. Notwithstanding  
4 15 the state sales tax imposed in section 423.2, a refund  
4 16 issued pursuant to this section shall not exceed an  
4 17 amount equal to five percent of the sales price of the  
4 18 fuel used to create heat, power, and steam for  
4 19 processing or generating electrical current or from  
4 20 the sale price of electricity consumed by computers,  
4 21 machinery, or other equipment for operation of the  
4 22 data center business facility.

4 23 Sec. \_\_\_\_\_. Section 423.4, Code 2009, is amended by  
4 24 adding the following new subsection:

4 25 NEW SUBSECTION. 9. a. The owner of a data center  
4 26 business, as defined in section 423.3, subsection 95,  
4 27 paragraph "e", located in this state that is not  
4 28 eligible for the exemption under section 423.3,  
4 29 subsection 95, may make an annual application to the  
4 30 department for the refund of fifty percent of the  
4 31 sales or use tax upon all of the following:

4 32 (1) The sales price from the sale or rental of  
4 33 computers and equipment that are necessary for the  
4 34 maintenance and operation of a data center business  
4 35 and property whether directly or indirectly connected  
4 36 to the computers, including but not limited to cooling  
4 37 systems, cooling towers, and other temperature control  
4 38 infrastructure; power infrastructure for  
4 39 transformation, distribution, or management of  
4 40 electricity used for the maintenance and operation of  
4 41 the data center business including but not limited to  
4 42 exterior dedicated business-owned substations, backup  
4 43 power generation systems, battery systems, and related  
4 44 infrastructure; and racking systems, cabling, and  
4 45 trays, which are necessary for the maintenance and  
4 46 operation of the data center business.

4 47 (2) The sales price of backup power generation  
4 48 fuel that is purchased by a data center business for  
4 49 use in the items listed in subparagraph (1).

4 50 (3) The sales price of electricity purchased for  
5 1 use in providing data center services.

5 2 b. A data center business shall qualify for the  
5 3 partial refund in this subsection if all of the  
5 4 following criteria are met:

5 5 (1) The data center business shall have a physical  
5 6 location in the state which is at least five thousand  
5 7 square feet in size.

5 8 (2) The data center business shall make a minimum  
5 9 investment of at least ten million dollars, in the  
5 10 case of new construction, or at least five million  
5 11 dollars in the case of a rehabilitated building, in an  
5 12 Iowa physical location within the first six years of  
5 13 operation in Iowa, beginning with the date on which  
5 14 the data center business initiates site preparation  
5 15 activities. The minimum investment includes the  
5 16 initial investment, including the value of a lease  
5 17 agreement or the amount invested in land and  
5 18 subsequent acquisition of additional adjacent land and  
5 19 subsequent investment at the Iowa location.

5 20 (3) If the data center business is leasing a  
5 21 building to house operations, the data center business  
5 22 shall enter into a lease that is at least five years  
5 23 in duration.

5 24 (4) The data center business shall comply with the  
5 25 sustainable design and construction standards  
5 26 established by the state building code commissioner  
5 27 pursuant to section 103A.8B.

5 28 c. The refund allowed under this subsection shall  
5 29 be available for the following periods of time:

5 30 (1) For an investment of at least ten million  
5 31 dollars, in the case of new construction, or at least  
5 32 five million dollars, in the case of a rehabilitated  
5 33 building, but less than seventy-three million dollars,  
5 34 fifteen years.

5 35 (2) For an investment of at least seventy-three  
5 36 million dollars but less than one hundred thirty-six

5 37 million dollars, ten years.  
5 38 (3) For an investment of at least one hundred  
5 39 thirty=six million dollars, but less than two hundred  
5 40 million dollars, seven years.  
5 41 d. The refund may be obtained only in the  
5 42 following manner and under the following conditions:  
5 43 (1) The applicant shall use forms furnished by the  
5 44 department.  
5 45 (2) The applicant shall separately list the  
5 46 amounts of sales and use tax paid during the reporting  
5 47 period.  
5 48 (3) The applicant may request when the refund  
5 49 begins, but it must start on the first day of a month  
5 50 and proceed for a continuous twelve=month period.  
6 1 e. In determining the amount to be refunded, if  
6 2 the dates of the utility billing or meter reading  
6 3 cycle for the sale or furnishing of metered gas and  
6 4 electricity are on or after the first day of the first  
6 5 month through the last day of the last month of the  
6 6 refund year, fifty percent of the amount of tax  
6 7 charged in the billings shall be refunded. In  
6 8 determining the amount to be refunded, if the dates of  
6 9 the sale or furnishing of fuel for purposes of  
6 10 commercial energy and the delivery of the fuel are on  
6 11 or after the first day of the first month through the  
6 12 last day of the last month of the refund year, fifty  
6 13 percent of the amount of tax charged in the billings  
6 14 shall be refunded.  
6 15 f. To receive refunds during the applicable refund  
6 16 period, the applicant shall file a refund claim within  
6 17 three months after the end of each refund year.  
6 18 g. The refund in this subsection applies only to  
6 19 state sales and use tax paid and does not apply to  
6 20 local option sales and services taxes imposed pursuant  
6 21 to chapter 423B. Notwithstanding the state sales tax  
6 22 imposed in section 423.2, a refund issued pursuant to  
6 23 this section shall not exceed an amount equal to five  
6 24 percent of the sales price of the items listed in  
6 25 paragraph "a", subparagraphs (1), (2), and (3).  
6 26 Sec. \_\_\_\_\_. Section 427.1, Code 2009, is amended by  
6 27 adding the following new subsection:  
6 28 NEW SUBSECTION. 37. DATA CENTER BUSINESS  
6 29 PROPERTY.  
6 30 a. Property, other than land and buildings and  
6 31 other improvements, that is utilized by a data center  
6 32 business as defined in and meeting the requirements of  
6 33 section 423.3, subsection 95, including computers and  
6 34 equipment that are necessary for the maintenance and  
6 35 operation of a data center business and other property  
6 36 whether directly or indirectly connected to the  
6 37 computers, including but not limited to cooling  
6 38 systems, cooling towers, and other temperature control  
6 39 infrastructure; power infrastructure for  
6 40 transformation, distribution, or management of  
6 41 electricity, including but not limited to exterior  
6 42 dedicated business=owned substations, and power  
6 43 distribution systems which are not subject to  
6 44 assessment under chapter 437A; racking systems,  
6 45 cabling, and trays; and backup power generation  
6 46 systems, battery systems, and related infrastructure  
6 47 all of which are necessary for the maintenance and  
6 48 operation of the data center business.  
6 49 b. This data center business exemption applies  
6 50 beginning with the assessment year the investment in  
7 1 or construction of the facility utilizing the  
7 2 materials, equipment, and systems set forth in  
7 3 paragraph "a" are first assessed.  
7 4 Sec. \_\_\_\_\_. IMPLEMENTATION. Section 25B.7 does not  
7 5 apply to the property tax exemption enacted in this  
7 6 Act.  
7 7 Sec. \_\_\_\_\_. APPLICABILITY DATE PROVISION. The  
7 8 sections of this division of this Act providing sales  
7 9 and use tax refunds apply to sales and use tax paid on  
7 10 or after July 1, 2009.>

