

House Amendment 1739

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1 1 Amend Senate File 478, as amended, passed, and
1 2 reprinted by the Senate, as follows:
1 3 #1. Page 80, by inserting before line 16 the
1 4 following:
1 5 <DIVISION ____
1 6 DATA CENTERS
1 7 Sec. _____. Section 423.3, Code 2009, is amended by
1 8 adding the following new subsection:
1 9 NEW SUBSECTION. 95. a. (1) The sales price from
1 10 the sale or rental of computers and equipment that are
1 11 necessary for the maintenance and operation of a data
1 12 center business and property whether directly or
1 13 indirectly connected to the computers, including but
1 14 not limited to cooling systems, cooling towers, and
1 15 other temperature control infrastructure; power
1 16 infrastructure for transformation, distribution, or
1 17 management of electricity used for the maintenance and
1 18 operation of the data center business, including but
1 19 not limited to exterior dedicated business-owned
1 20 substations, backup power generation systems, battery
1 21 systems, and related infrastructure; and racking
1 22 systems, cabling, and trays, which are necessary for
1 23 the maintenance and operation of the data center
1 24 business.
1 25 (2) The sales price of backup power generation
1 26 fuel that is purchased by a data center business for
1 27 use in the items listed in subparagraph (1).
1 28 (3) The sales price of electricity purchased for
1 29 use by a data center business.
1 30 b. For the purpose of claiming this exemption, all
1 31 of the following requirements shall be met:
1 32 (1) The purchaser or renter shall be a data center
1 33 business.
1 34 (2) The data center business shall have a physical
1 35 location in the state that is, in the aggregate, at
1 36 least five thousand square feet in size that is used
1 37 for the operations and maintenance of the data center
1 38 business.
1 39 (3) The data center business shall make a minimum
1 40 investment in an Iowa physical location of two hundred
1 41 million dollars within the first six years of
1 42 operation in Iowa beginning with the date the data
1 43 center business initiates site preparation activities.
1 44 The minimum investment includes the initial
1 45 investment, including land and subsequent acquisition
1 46 of additional adjacent land and subsequent investment
1 47 at the Iowa location.
1 48 (4) The data center business shall comply with the
1 49 sustainable design and construction standards
1 50 established by the state building code commissioner
2 1 pursuant to section 103A.8B.
2 2 c. This exemption applies from the date of the
2 3 initial investment in or the initiation of site
2 4 preparation activities for the data center business
2 5 facility as described in paragraph "b".
2 6 d. Failure to meet eighty percent of the minimum
2 7 investment amount requirement specified in paragraph
2 8 "b" within the first six years of operation from the
2 9 date the data center business initiates site
2 10 preparation activities will result in the data center
2 11 business losing the right to claim this data center
2 12 business exemption and the data center business shall
2 13 pay all sales or use tax that would have been due on
2 14 the purchase or rental or use of the items listed in
2 15 this exemption, plus any applicable penalty and
2 16 interest imposed by statute.
2 17 e. For purposes of this subsection:
2 18 (1) "Data center" means a building rehabilitated
2 19 or constructed to house a group of networked server
2 20 computers in one physical location in order to
2 21 centralize the storage, management, and dissemination
2 22 of data and information pertaining to a particular
2 23 business, taxonomy, or body of knowledge. A data
2 24 center business's facility typically includes the

2 25 mechanical and electrical systems, redundant or backup
2 26 power supplies, redundant data communications
2 27 connections, environmental controls, and fire
2 28 suppression systems. A data center business's
2 29 facility also includes a restricted access area
2 30 employing advanced physical security measures such as
2 31 video surveillance systems and card-based security or
2 32 biometric security access systems.
2 33 (2) "Data center business" means an entity whose
2 34 business among other businesses, is to operate a data
2 35 center.
2 36 Sec. _____. Section 423.4, subsection 8, Code 2009,
2 37 is amended to read as follows:
2 38 8. a. The owner of ~~an information technology~~
2 39 ~~facility a data center business, as defined in section~~
2 40 ~~423.3, subsection 95, located in this state on July 1,~~
2 41 ~~2007, and having a primary business with a North~~
2 42 ~~American industry classification system number 518210~~
2 43 ~~or 541519 as verified by the department of economic~~
2 44 ~~development using nationally recognized third-party~~
2 45 ~~sources such as Hoovers, Harris Directory or others~~
2 46 ~~designated by the department of economic development,~~
2 47 may make an annual application for up to five
2 48 consecutive years to the department for the refund of
2 49 fifty percent of the sales or use tax upon the sales
2 50 price of all sales of fuel used in creating heat,
3 1 power, and steam for processing or generating
3 2 electrical current, or from the sale of electricity
3 3 consumed by computers, machinery, or other equipment
3 4 for operation of the ~~technology~~ data center business
3 5 facility.
3 6 b. ~~An information technology facility~~ A data
3 7 center business shall qualify for the refund in this
3 8 subsection if all of the following criteria are met:
3 9 (1) ~~The facility's six-digit North American~~
3 10 ~~industry classification system number 518210 or 541519~~
3 11 ~~indicates that the facility is primarily engaged in~~
3 12 ~~providing computer-related services~~ data center
3 13 business shall make an investment in an Iowa physical
3 14 location within the first three years of operation in
3 15 Iowa beginning with the date on which the data center
3 16 business initiates site preparation activities.
3 17 (2) The amount of the investment in an Iowa
3 18 physical location, including the value of a lease
3 19 agreement, or an investment in land or buildings, and
3 20 the capital expenditures for computers, machinery, and
3 21 other equipment used in the operation of the facility
3 22 ~~equals data center business shall equal at least one~~
3 23 ~~million dollars, but shall not exceed ten million~~
3 24 ~~dollars for a newly constructed building or five~~
3 25 ~~million dollars for a rehabilitated building.~~
3 26 (3) If the data center business is leasing a
3 27 building to house operations, the data center business
3 28 shall enter into a lease that is at least five years
3 29 in duration.
3 30 ~~(3) (4) The facility is certified as meeting the~~
3 31 ~~Leadership in Energy and Environmental Design (LEED)~~
3 32 ~~standards~~ data center business shall comply with the
3 33 sustainable design and construction standards
3 34 established by the state building code commissioner
3 35 pursuant to section 103A.8B.
3 36 c. The refund may be obtained only in the
3 37 following manner and under the following conditions:
3 38 (1) The applicant shall use forms furnished by the
3 39 department.
3 40 (2) The applicant shall separately list the
3 41 amounts of sales and use tax paid during the reporting
3 42 period.
3 43 (3) The applicant may request when the refund
3 44 begins, but it must start on the first day of a month
3 45 and proceed for a continuous twelve-month period.
3 46 d. In determining the amount to be refunded, if
3 47 the dates of the utility billing or meter reading
3 48 cycle for the sale or furnishing of metered gas and
3 49 electricity are on or after the first day of the first
3 50 month through the last day of the last month of the
4 1 refund year, the full fifty percent of the amount of
4 2 tax charged in the billings shall be refunded. In
4 3 determining the amount to be refunded, if the dates of
4 4 the sale or furnishing of fuel for purposes of
4 5 commercial energy and the delivery of the fuel are on

4 6 or after the first day of the first month through the
4 7 last day of the last month of the refund year, ~~the~~
~~4 8 full fifty percent of the~~ amount of tax charged in the
4 9 billings shall be refunded.

4 10 e. To receive refunds during the five-year period,
4 11 the applicant shall file a refund claim within three
4 12 months after the end of each refund year.

4 13 f. The refund in this subsection applies only to
4 14 state sales and use tax paid and does not apply to
4 15 local option sales and services taxes imposed pursuant
4 16 to ~~chapters chapter~~ 423B and ~~423E~~. Notwithstanding
4 17 the state sales tax imposed in section 423.2, a refund
4 18 issued pursuant to this section shall not exceed an
4 19 amount equal to five percent of the sales price of the
4 20 fuel used to create heat, power, and steam for
4 21 processing or generating electrical current or from
4 22 the sale price of electricity consumed by computers,
4 23 machinery, or other equipment for operation of the
4 24 data center business facility.

4 25 Sec. _____. Section 423.4, Code 2009, is amended by
4 26 adding the following new subsection:

4 27 NEW SUBSECTION. 9. a. The owner of a data center
4 28 business, as defined in section 423.3, subsection 95,
4 29 paragraph "e", located in this state that is not
4 30 eligible for the exemption under section 423.3,
4 31 subsection 95, may make an annual application to the
4 32 department for the refund of fifty percent of the
4 33 sales or use tax upon all of the following:

4 34 (1) The sales price from the sale or rental of
4 35 computers and equipment that are necessary for the
4 36 maintenance and operation of a data center business
4 37 and property whether directly or indirectly connected
4 38 to the computers, including but not limited to cooling
4 39 systems, cooling towers, and other temperature control
4 40 infrastructure; power infrastructure for
4 41 transformation, distribution, or management of
4 42 electricity used for the maintenance and operation of
4 43 the data center business including but not limited to
4 44 exterior dedicated business-owned substations, backup
4 45 power generation systems, battery systems, and related
4 46 infrastructure; and racking systems, cabling, and
4 47 trays, which are necessary for the maintenance and
4 48 operation of the data center business.

4 49 (2) The sales price of backup power generation
4 50 fuel that is purchased by a data center business for
5 1 use in the items listed in subparagraph (1).

5 2 (3) The sales price of electricity purchased for
5 3 use in providing data center services.

5 4 b. A data center business shall qualify for the
5 5 partial refund in this subsection if all of the
5 6 following criteria are met:

5 7 (1) The data center business shall have a physical
5 8 location in the state which is at least five thousand
5 9 square feet in size.

5 10 (2) The data center business shall make a minimum
5 11 investment of at least ten million dollars, in the
5 12 case of new construction, or at least five million
5 13 dollars in the case of a rehabilitated building, in an
5 14 Iowa physical location within the first six years of
5 15 operation in Iowa, beginning with the date on which
5 16 the data center business initiates site preparation
5 17 activities. The minimum investment includes the
5 18 initial investment, including the value of a lease
5 19 agreement or the amount invested in land and
5 20 subsequent acquisition of additional adjacent land and
5 21 subsequent investment at the Iowa location.

5 22 (3) If the data center business is leasing a
5 23 building to house operations, the data center business
5 24 shall enter into a lease that is at least five years
5 25 in duration.

5 26 (4) The data center business shall comply with the
5 27 sustainable design and construction standards
5 28 established by the state building code commissioner
5 29 pursuant to section 103A.8B.

5 30 c. The refund allowed under this subsection shall
5 31 be available for the following periods of time:

5 32 (1) For an investment of at least ten million
5 33 dollars, in the case of new construction, or at least
5 34 five million dollars, in the case of a rehabilitated
5 35 building, but less than one hundred thirty-six million
5 36 dollars, ten years.

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

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7 13 _____
7 13 THOMAS of Clayton

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7 17 _____
7 17 BERRY of Black Hawk

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