

Tax Incentives for Data Center Businesses Under IEDA Programs

This document presents information on the use of IEDA programs to incentivize “data centers.” It is important to note at the outset that while IEDA has participated in a number of high profile data center projects, these projects were financed through IEDA’s job creation programs rather than through a dedicated data center incentive program. The primary program used to finance such projects has been the High Quality Jobs Program.

For more information on the High Quality Jobs Program, including administrative details and return on investment data, please see the attached report, originally delivered to the Legislative Tax Expenditure Review Committee in 2011.

In brief, the High Quality Jobs Program provides income tax credits, sales tax refunds, and property tax exemptions to any eligible business that creates jobs and makes substantial capital investments in Iowa. As more jobs are created and more capital is invested, the amount of incentives for which a business qualifies increase.

Data centers are often operated by large multinational corporations, some of which are household names. The parent companies or affiliates of these Iowa businesses may be able to use income tax credits in Iowa once they have a physical presence here. In addition, while the exemptions for data center businesses in chapter 423 apply to electricity and computer equipment, they do not apply to the tax paid on construction materials. For these reasons data center businesses often seek both income tax credits and sales tax refunds from IEDA.

IEDA has helped finance data center projects with Microsoft, Google, and Facebook in the past few years.

These projects have brought more than \$3 billion in capital investment and more than 300 permanent jobs to the communities of West Des Moines, Council Bluffs, and Altoona.

In addition to the substantial capital investment from these projects, IEDA has detected increased interest at trade shows and in industry publications based on our success at recruiting these new economy businesses. While this benefit is not quantifiable, it is tangible and useful in marketing our state to other businesses in the same sector.

The table on the next page presents a summary of the project data for all of the data center projects IEDA was able to identify in our portfolio.

Project Data Summary

Company	City	Award Date	Project Cost	Capital Investment	Loans	Tax Benefits Awarded	Qualifying Wage	Total Jobs	Completion Date	Maintenance Date
Inteconnect Inc.	Cedar Rapids	03/17/2011	\$150,000	\$140,000	\$100,000	\$0	N/A	N/A	03/31/2014	N/A
Google, Inc.	Council Bluffs	11/15/2007	\$300,000,000	\$300,000,000		\$1,406,250	\$25.02	60	11/30/2012	11/30/2014
Google, Inc.	Council Bluffs	04/20/2012	\$700,000,000	\$700,000,000		\$16,800,000	\$18.81	35	04/30/2017	04/30/2019
IP Pathways, LLC	Urbandale	4/18/2014	\$1,680,146	\$825,000	\$240,000	\$37,500	\$24.32	53	4/30/2017	4/30/2019
Microsoft Corporation	West Des Moines	4/18/2014	\$1,126,218,400	\$1,126,218,400		\$20,256,000	\$24.32	84	4/18/2021	4/30/2023
Microsoft Corporation	West Des Moines	09/18/2008	\$100,202,774	\$100,202,774		\$586,000	\$31.00	25	09/30/2013	09/30/2015
Microsoft Corporation	West Des Moines	09/15/2011	\$84,752,337	\$84,752,337		\$131,242	\$22.94	10	9/30/2014	09/30/2016
Microsoft Corporation	West Des Moines	06/21/2013	\$679,141,818	\$679,141,818		\$20,000,000	\$23.12	29	06/30/2018	06/30/2020
Sculus, Inc. (Facebook)	Altoona	04/23/2013	\$300,000,000	\$299,500,000		\$18,000,000	\$23.12	31	04/30/2019	04/30/2021
TEAM Des Moines Partners, LLC	Waukee	06/19/2008	\$14,379,360	\$14,379,360		\$550,330	\$24.01	5	06/30/2011	06/30/2013
			\$3,306,374,835	\$3,305,019,689	\$240,000	\$77,767,322	\$24.07	332		