

Fiscal Estimate - 2025 Session

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number 25-2933/1	Introduction Number SB-0244
Description modifying the sales and use tax exemption for qualified data centers	
Fiscal Effect State: <div style="display: flex; flex-wrap: wrap;"><div style="width: 33%;"><input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations</div><div style="width: 33%;"><input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Decrease Existing Revenues</div><div style="width: 33%;"><input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs</div></div> Local: <div style="display: flex; flex-wrap: wrap;"><div style="width: 33%;"><input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs 4. <input checked="" type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory</div><div style="width: 33%;">5.Types of Local Government Units Affected <div style="display: flex; flex-wrap: wrap;"><div style="width: 50%;"><input type="checkbox"/> Towns <input checked="" type="checkbox"/> Counties <input type="checkbox"/> School Districts</div><div style="width: 50%;"><input type="checkbox"/> Village <input type="checkbox"/> Others <input type="checkbox"/> WTCS Districts</div></div><input checked="" type="checkbox"/> Cities</div></div>	

Fiscal Estimate Narratives

DOR 5/12/2025

LRB Number	25-2933/1	Introduction Number	SB-0244	Estimate Type	Original
Description modifying the sales and use tax exemption for qualified data centers					

Assumptions Used in Arriving at Fiscal Estimate

This bill makes various changes to the sales and use tax exemption for qualified data centers.

The bill modifies the definition of qualified data center to provide that the buildings may house a group of individual, as well as a group of networked, server computers. The bill also makes changes to the criteria WEDC uses to certify a qualified data center to allow for certain co-located data center operations. The bill also disallows the certification of buildings used for, or to facilitate, the creation of cryptocurrencies and the process used to verify and secure cryptocurrency transactions and blockchains.

The change in forgone sales tax revenue is indeterminate and depends on the parameters of future WEDC-certified data center projects. Assuming a project fits the parameters outlined in the bill, the following is an example of the forgone sales tax revenue for a single hypothetical datacenter project.

Based on information from the US Chamber of Commerce, capital expenditures for a typical data center are approximately \$215.5M. Among that amount IT equipment makes up \$157.1M and building construction makes up \$45.0M. Annual operating expenses are estimated to be \$18.5M. After adjusting for items that would be otherwise subject to sales tax, the department estimates a sales tax decrease of \$8.5 million related to initial construction and an ongoing sales tax reduction of \$735,000. Assuming the IT equipment is replaced on a 5-year schedule, sales tax would decrease by an additional \$1.6 million on an annualized basis when equipment replacement begins.

County sales tax collections would decrease compared to current law depending on the size and location of a qualified data center.

Long-Range Fiscal Implications