



Romaine Robert Quinn

STATE SENATOR • 25TH SENATE DISTRICT

From: Senator Romaine Robert Quinn
To: Senate Committee on Universities and Revenue
Re: **Testimony on Assembly Bill 302**
Relating to: a sales and use tax exemption for data center equipment or software
Date: January 17, 2024

Thank you Chairman Hutton and committee members for receiving my testimony today. When this legislation was introduced last spring, I was excited about taking hold of a great opportunity. At the time, Wisconsin was at a competitive disadvantage in attracting data center investments, because we were one of a minority of states that did not offer a sales and use tax exemption. While nearly every state in the upper Midwest could compete for these investments because of their tax structure, Wisconsin had not benefited from this economic growth.

Thankfully with broad and bipartisan support, the State Assembly passed the bill last June and the provisions were ultimately included in the state budget that was signed into law.

Today I am here to testify on an amendment I have introduced, Senate Amendment 1 to Assembly Bill 302, which retains the original language of the data center tax exemption and includes a new category for co-located facilities. While the original bill provides the exemption for large single-operated data centers, the amendment would support co-located facilities that could develop in more rural areas of Wisconsin.

A co-located data center is one that may house a group of servers or computers to centralize data services for businesses of varying sizes and needs. The amendment would require the center to be at least 25,000 square feet and create a minimum qualified investment in Wisconsin of at least \$20 million within 5 years of its exemption eligibility date.

The impacts of data centers include more economic output, new employment opportunities, and increases in state and local tax revenues. We can further these positive outcomes by adding co-location data centers to the definition.

Thank you again for your efforts today and I would be happy to follow up with anyone who might have questions.



January 12, 2024

Senator Rob Hutton
Wisconsin State Senate
P.O. Box 7882
Madison, WI 53707-7882

Dear Senator Rob Hutton:

Subject: Support for AB 302/SB 308

On behalf of New North, Inc., I wish to convey our strong support for amendments to AB 302 and SB 308 which would amend the original data center tax credit bill to include a new category for co-located facilities.

We have been working with Involta for two years to place their first co-location data center in Wisconsin. Involta provides co-location data center facilities, connectivity, and infrastructure solutions. They embarked on a journey to identify a location for their 13th data center. The company, known for its commitment to delivering secure and reliable infrastructure solutions for healthcare and manufacturing industries, sought a location that aligned with its core values and could cater to the growing demands of those industries in the digital age. The state of Wisconsin was their top priority.

While we appreciate the passage of the original sales and use tax exemption for data center equipment and materials for large single-operated data centers, we feel the amendment is necessary to reflect and support co-located facilities which would have the tendency to develop in smaller, more rural areas of our state. This would allow for the development of a data center to support a group of networked server computers or individual computers in one physical location in order to centralize the processing, storage, management, retrieval, connection or dissemination of data and information for Wisconsin businesses of all sizes with various data needs and cybersecurity requirements.

Thank you for considering the amendments to AB 302 and SB 308. Should you have any questions, please contact me at 920.676.1960 or email barb.lamue@thenewnorth.com.

Respectfully,

A handwritten signature in cursive script that reads "Barb LaMue".

Barb LaMue
President & CEO



Thank you Chair Hutton and Committee Members.

My name is Brian Hanson, and I'm the VP of Corporate Development for Cedar Rapids, Iowa-based Involta – I'm a recovering economic developer who has become a site selector. Involta provides advanced hybrid cloud solutions, superior data center experiences and first-class fiber and connectivity services. We leverage owned colocation facilities and network infrastructure to deliver highly secure and reliable IT solutions—and we're excited to invest in Wisconsin.

Involta has been engaged with the New North and WEDC since August of 2022, building the business case to support locating a world-class data center in the underserved Fox Valley exploring sites, meeting with prospect companies, and discussing incentives.

We recently acquired an existing 31,000 square foot, 1.0 MW concurrently maintainable facility in the Town of Lawrence. We were very pleased with the support provided by the Town's Board and staff. The facility sits on a 24-acre site, so there is room to grow to 20MW as demand for our services grow here in Wisconsin. Customer owned and co-located servers, and related connectivity and equipment installed in the facility will 2X or 3X Involta's investment potential.

Involta data centers are community builders, enabling business growth through greater access to best-in class IT storage, infrastructure, security, and services. Our data centers add value!

- Strengthen regional power grids and fiber access.
- Support growth and IOT adoption in industries including manufacturing, healthcare, finance, and technology through rapid, low-latency data transmission.
- Reduce response times and travel costs due to centers that are located over 100 miles outside the market.
- Free up valuable on-premises production space for customers while reducing energy, staffing, and capital costs.
- Help teams focus on building a successful business!

This industry is growing, and other states are capitalizing:

- Minnesota has a smaller population, but nearly 2X the number of colocation data centers.
- Per million people WI has 2.9 data centers, while Iowa has 3.8, MN has 5.6, and IL has a whopping 6.9! WI is underrepresented in this growing industry.

I urge you to amend Assembly Bill 302 to help grow colocation investment in Wisconsin. Our team has talked with Wisconsin companies purchasing colocation from companies in Minnesota and Illinois. These are competing states that sweeten the pot with incentives. Amending Assembly Bill 302 will level the playing field for attracting investment by colocation companies like Involta.