



Romaine Robert Quinn

STATE SENATOR • 25TH SENATE DISTRICT

From: Senator Romaine Robert Quinn
To: Senate Committee on Agriculture and Revenue
Re: **Testimony on Senate Bill 244**
Relating to: modifying the sales and use tax exemption for qualified data centers
Date: May 21, 2025

Thank you, members of the Senate Committee on Agriculture and Revenue for hearing Senate Bill 244 today.

Data centers are the backbone of the internet – storing, sending, and receiving the data we use every day. Computing and network equipment are housed within these centers to support any company that has a digital presence. In recent years, development of data centers has been rising across the country.

Recognizing this growing need, a sale and use tax exemption for qualified data centers was passed last session (2023 Wisconsin Act 19). Under the law, data centers may qualify for the exemption where a single owner, lessor, or operator owns the server computers. These type of data centers serve large single users.

Senate Bill 244 ensures that the exemption also includes co-location and condominium style data centers. These types of data centers may house a group of individual or networked server computers that are owned by more than one business entity. Such facilities benefit small to medium Wisconsin businesses which need data centers but require a more economical model with other small businesses.

By clarifying eligibility, Wisconsin will have a greater opportunity to secure investments and economic activity generated from all types of data centers. 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 for your consideration in supporting Senate Bill 224.



SHANNON ZIMMERMAN

STATE REPRESENTATIVE • 30TH ASSEMBLY DISTRICT

Senate Bill 244

Senate Committee on Agriculture and Revenue

May 21, 2025

Thank you Chairman Testin, Vice-Chair Tomczyk, and committee members for hearing testimony on Senate Bill 244 today. Last session, we took great initiative in opening our state up to investments from large scale data centers. The 2023-25 biennial budget incorporated a sales and use tax exemption for large scale data centers that locate in Wisconsin. This exemption would apply to equipment and software necessary to run a data center, but would not apply to construction materials.

This legislation makes a technical adjustment to the sales and use tax exemption by expanding it to co-located and condominium-style data centers. These types of data centers may house a group of individual server computers that are owned by more than one business entity.

As we move ever more into a world driven by technology, these facilities will be necessary to provide the storage and processing power required to service societal demands. Construction of these facilities require hundreds if not thousands of tradespeople. Once complete, they rely on a highly skilled and high paid workforce.

Development of additional data centers in one location often occurs as well as accompanying ancillary development. Economic analysis has shown that a project of this scale in the Milwaukee region is estimated to produce roughly 100 ongoing direct jobs and 300 total jobs supporting by the operation. These are the types of high skilled family supporting jobs that we all want located in our state.

Beyond the nuts and bolts of the policy and projects to follow, I have a personal affinity for the industry as I've been a tech entrepreneur for nearly the last 30 years. Putting Wisconsin up for consideration when the site selectors are reviewing potential locations would be a step in the right direction.

Thank you for your time and attention to this proposal and I am happy to take any questions.

**Testimony in Support of Assembly Bill 245 / Senate Bill 244
Submitted by Dereck Wischmeyer, General Counsel, Ark Data Centers, LLC**

Before the Senate Committee on Agriculture and Revenue
In support of Assembly Bill 245 / Senate Bill 244 ("the Bill")
Date: **May 21, 2025**

Members of the Wisconsin Legislature:

It is a privilege to submit this written testimony in support of AB 245 / SB 244 in order to provide tax incentive benefits to colocation data center customers in the State of Wisconsin on behalf of Ark Data Centers, LLC ("Ark"), a U.S.-owned edge data center operator that has served enterprise, healthcare, manufacturing, and financial clients since 2007.

Who is Ark, and Why This Bill Matters

Ark is an enterprise-class digital infrastructure provider operating purpose-built, owned-and-operated data centers engineered to meet the highest standards of security and compliance for mission-critical workloads. With industry-leading uptime, and carrier-neutral connectivity, Ark Data Centers is the trusted partner enterprises rely on to drive their digital transformation.

Two years ago, Ark acquired a 24-acre campus in the Town of Harrison, just outside Green Bay. Since then, Ark began to invest in capital improvements, including upgraded utility power and network infrastructure. The site now supports 20 MW of utility power and has the potential to scale its IT workload twentyfold. Ark also began working to invest significantly more in the facility by entering an option agreement to purchase adjacent land in order to more than double the size and ability of its existing data center facility.

Despite our commitment to Wisconsin, Ark was unfortunately left with no commercial option but to withdraw from the land acquisition and planned expansion as well as to reduce its expansion investment in Wisconsin due to the inability to offer its colocation customers the benefit of the State's tax incentive.

Given that our colocation customers, and not Ark, typically purchase the IT hardware that triggers state sales tax, a state's tax exemption plays a material role in influencing customer data center location and investment decisions. Without the ability to extend this benefit, Wisconsin businesses are now moving data workloads out of state in order to realize significant tax savings elsewhere.

Competitive Parity with Neighboring States

Ark is witnessing significant departure of Wisconsin business data to neighboring states which offer colocation tax benefits. Minnesota and Iowa both offer full sales and use tax exemptions for colocation data centers. Illinois couples its exemption with payroll tax credits. Without similar incentives, Wisconsin risks a continued outflow of data workloads across state lines, undermining not only future tax revenue but also the resilience of our in-state power grid and fiber infrastructure.

Background and Legislative Context

In the previous session, the Legislature rightly recognized the need to attract Microsoft-scale investments and enacted sales and use tax exemptions for large users. Unfortunately, the language of the statute inadvertently excluded the multi-tenant colocation data center model, which serves the broadest cross-section of Wisconsin's businesses and government entities. An amendment was introduced late in the session and the Wisconsin Economic Development Corporation (WEDC) explored an interpretive remedy. However, time ran out, and WEDC concluded that statutory clarity is necessary.

What This Bill Does

The proposed legislation simply extends the existing exemption to colocation data centers that meet the following thresholds:

- **A minimum of 25,000 square feet**
- **At least \$20 million in capital investment within five years**

These thresholds ensure that only meaningful, long-term investments qualify while opening access to providers that serve multiple (if not hundreds) of local Wisconsin employers.

Who Benefits

- **Manufacturers** adopting high-tech automation who cannot justify their own secure data hall but need low-latency compute inside state lines.
- **Regional health systems** that must meet HIPAA/HITRUST requirements while keeping patient data secure and close to point-of-care.
- **Financial-services, ag-tech** and **AI start-ups** whose growth depends on scalable colocation racks rather than building their own.

At our current Green Bay facility, we host clients ranging from two-cabinet SaaS providers to Fortune 500 manufacturers. These companies would be the first to expand if they could receive the same tax benefits now afforded only to single tenant hyperscale facilities. With the appropriate policy, Ark could immediately proceed with its next data hall and eventually activate the full 20 MW capacity across ten future halls.

Each phase of development creates skilled-trade construction jobs and, once operational, full-time positions in facilities management, network operations, and cybersecurity—exactly the kind of family-supporting employment highlighted in the Governor's workforce agenda.

Requested Action

On behalf of Ark and our Wisconsin-based customers, I respectfully request the Legislature amend the current tax incentive to align with those of neighboring states. The proposed bill retains the safeguards established last session including minimum square footage, minimum capital investment, and a five-year limit on eligible purchases while closing a competitive gap that penalizes multi-tenant providers and allows Wisconsin native businesses the cost savings currently only benefitting large multistate and international hyperscale data center users.

Thank you for your time and consideration. Ark remains committed to our Wisconsin operations and to serving the needs of businesses across the state. I welcome the opportunity to answer any questions or provide additional information that may assist you in your deliberations.

Respectfully submitted,

Dereck Wischmeyer

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General Counsel, Ark Data Centers, LLC