

Data Center Sales Tax Exemption Program

Purpose

The purpose of the program is to incentivize the location and expansion of data centers in the State of Missouri by providing an exemption, for a period of time, of the sales and utility taxes associated with a variety of activities necessary to build a new facility or expand an existing facility.

How the program works

An eligible data center company (or a consortium of eligible companies) who plan to locate at a new facility or expand an existing facility apply to the State with a Notice of Intent which describes their proposed “plan”. That “plan” includes the estimates of construction or rehab materials; machinery and equipment purchases; and utility costs over a designated term at the facility (no more than 10 years for an expanding facility and no more than 15 years for a new facility). The “plan” also includes the number of new jobs to be hired over the term at the facility within a required time frame.

The Department of Economic Development, in cooperation with the Department of Revenue determine the applicant’s eligibility including company type (by NAICS code) and whether the company’s plan will meet the statutory thresholds for program participation. The Department of Economic Development also determines if the fiscal impact of the proposed plan provides a positive net fiscal return to the State. If so, the Department offers a conditional approval. Once the thresholds have been met, the company may apply to receive a sales tax exemption certificate for each year of their benefit term. The first year may include a refund of any

sales taxes paid for a period prior to meeting the thresholds.

The thresholds for participation for an expanding facility include: at least 5 new full time jobs with average wages at 150% of county average wage within 24 months and \$5 million dollars in new investment within 12 months of the conditional approval of the Notice of Intent.

The thresholds for participation for a new facility include: at least 10 new full time jobs with average wages at or above 150% of county average wage and \$25 million dollars in new investment within 36 months of the conditional approval of the Notice of Intent.

The “consortium” of eligible companies may aggregate their jobs and investment at the same facility to achieve the thresholds. Exemption certificates may be issued to multiple companies inside the same facility.

Authorization

144.810 RSMo.

Eligible areas

Statewide.

Eligible applicants

Taxpayer(s) primarily engaged in data processing, hosting and related services (NAICS 518210); or

Taxpayer(s) primarily engaged in internet publishing and broadcasting and web search portals at the business facility (NAICS 519130)



Program benefit

Existing Facilities:

An exemption on state and local sales and use taxes on utilities, machinery, equipment, computers and construction materials used for expanding operations as defined, levied, or calculated under section 32.085, sections 144.010-144.525, sections 144.600-144.761 or section 238.235 for a specified maximum amount for each year for 10 years.

New Facilities:

An exemption of 100% of the state and local sales and use taxes on utilities, machinery, equipment, computers and construction materials used as defined, levied, or calculated under section 32.085, sections 144.010-144.525, sections 144.600-144.761 or section 238.235 for a specified maximum amount for each year for 15 years.

Application/approval procedure

Project taxpayer (applicant) submits the following:

- Notice of Intent (NOI)
- List of all employees at the facility
- E-Verify Memorandum of Understanding (MOU)
- Tax clearance for each “project taxpayer”
- Agreement recognizing the responsibilities of each taxpayer (if there are multiple taxpayers)
- Project Plan

DED reviews all documentation to determine the following:

- Eligibility for the program;
- Whether the facility is an existing or new facility.
- That the amount of the exemption does not exceed the projected “net fiscal benefit to the state calculated over a 10 year period” using the Regional Economic Modeling, Inc. dataset; and
- That the project plan indicates that the required investment and job numbers will be met.

DED provides either a conditional approval or denial within 30 days of receipt of NOI to project taxpayers (applicant) and to DOR.

DED issues Data Center Program Agreement document to project taxpayers for execution (terms and conditions for repayment and penalties, compliance and reporting).

Applicant performs work (retains all receipts).

Applicant sends project paperwork to DED for certification including executed agreement, if not provided previously.

DED reviews and sends to DOR review.

DOR approves and DED certifies to applicant.

DOR refunds sales/use tax and issues annual certificates, as applicable.

Applicant provides annual reporting to DED.