



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

HB3456

by Rep. Charles E. Meier

SYNOPSIS AS INTRODUCED:

35 ILCS 105/3-9 new
35 ILCS 110/3-9 new
35 ILCS 115/3-9 new
35 ILCS 120/1t new

Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that, beginning on July 1, 2015 and through June 30, 2025, certain tangible personal property to be used in the construction or operation of a data center is exempt from taxation under the Acts. Provides that the data center must sign an agreement with the Department of Commerce and Economic Opportunity containing the following elements: (1) the data center, including its colocation tenants, must create and maintain at least 30 full-time equivalent jobs; (2) those jobs must pay at least 125% of the median wage paid to full-time employees in the county where the data center is located, as determined by the U.S. Bureau of Labor Statistics; and (3) at least \$25,000,000 in capital must be invested in the data center. Effective July 1, 2015.

LRB099 05584 HLH 25621 b

FISCAL NOTE ACT
MAY APPLY

HOUSING
AFFORDABILITY
IMPACT NOTE ACT
MAY APPLY

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Use Tax Act is amended by adding Section 3-9
5 as follows:

6 (35 ILCS 105/3-9 new)

7 Sec. 3-9. Data center exemption.

8 (a) Beginning on July 1, 2015 and through June 30, 2025,
9 qualified tangible personal property to be used in the
10 construction or operation of a data center is exempt from
11 taxation under this Act if: (i) the data center signs an
12 agreement with the Department of Commerce and Economic
13 Opportunity, and (ii) the agreement contains the following
14 elements:

15 (1) the data center, including its qualified
16 colocation tenants, must create and maintain at least 30
17 full-time equivalent jobs;

18 (2) those jobs must pay at least 125% of the median
19 wage paid to full-time employees in the county where the
20 data center is located, as determined by the U.S. Bureau of
21 Labor Statistics; and

22 (3) at least \$25,000,000 in capital must be invested in
23 the data center.

1 (b) As used in this Section:

2 "Data center" means a building rehabilitated or
3 constructed to house a group of networked server computers
4 in one physical location in order to centralize the
5 storage, management, and dissemination of data and
6 information pertaining to a particular business, taxonomy,
7 or body of knowledge.

8 "Full-time equivalent job" means a job in which the
9 employee works for the taxpayer or for a corporation under
10 contract with the taxpayer at a rate of at least 35 hours
11 per week. A taxpayer who employs labor or services at a
12 specific site or facility under contract with another may
13 declare one full-time equivalent job for every 1,820 man
14 hours worked per year under that contract. Vacations, paid
15 holidays, and sick time are included in this computation.
16 Overtime is not considered a part of regular hours.

17 "Qualified colocation tenant" means an entity that
18 contracts with the owner or operator of a computer data
19 center described in subsection (a) of this Section to use
20 or occupy all or part of the computer data center for at
21 least 500 kilowatts per month for a period of 2 or more
22 years.

23 "Qualified tangible personal property" means an
24 electrical system; a cooling system; an emergency
25 generator; hardware or a distributed mainframe computer or
26 server; a data storage device; network connectivity

1 equipment; a rack, cabinet, and raised floor system; a
2 peripheral component or system; software; a mechanical,
3 electrical, or plumbing system necessary to operate the
4 foregoing property; any other item of equipment or system
5 necessary to operate any of the foregoing, including a
6 fixture; and a component part of any of the foregoing.

7 (c) This Section is repealed on July 1, 2025.

8 Section 10. The Service Use Tax Act is amended by adding
9 Section 3-9 as follows:

10 (35 ILCS 110/3-9 new)

11 Sec. 3-9. Data center exemption.

12 (a) Beginning on July 1, 2015 and through June 30, 2025,
13 qualified tangible personal property to be used in the
14 construction or operation of a data center is exempt from
15 taxation under this Act if: (i) the data center signs an
16 agreement with the Department of Commerce and Economic
17 Opportunity, and (ii) the agreement contains the following
18 elements:

19 (1) the data center, including its qualified
20 colocation tenants, must create and maintain at least 30
21 full-time equivalent jobs;

22 (2) those jobs must pay at least 125% of the median
23 wage paid to full-time employees in the county where the
24 data center is located, as determined by the U.S. Bureau of

1 Labor Statistics; and

2 (3) at least \$25,000,000 in capital must be invested in
3 the data center.

4 (b) As used in this Section:

5 "Data center" means a building rehabilitated or
6 constructed to house a group of networked server computers
7 in one physical location in order to centralize the
8 storage, management, and dissemination of data and
9 information pertaining to a particular business, taxonomy,
10 or body of knowledge.

11 "Full-time equivalent job" means a job in which the
12 employee works for the taxpayer or for a corporation under
13 contract with the taxpayer at a rate of at least 35 hours
14 per week. A taxpayer who employs labor or services at a
15 specific site or facility under contract with another may
16 declare one full-time equivalent job for every 1,820 man
17 hours worked per year under that contract. Vacations, paid
18 holidays, and sick time are included in this computation.
19 Overtime is not considered a part of regular hours.

20 "Qualified colocation tenant" means an entity that
21 contracts with the owner or operator of a computer data
22 center described in subsection (a) of this Section to use
23 or occupy all or part of the computer data center for at
24 least 500 kilowatts per month for a period of 2 or more
25 years.

26 "Qualified tangible personal property" means an

1 electrical system; a cooling system; an emergency
2 generator; hardware or a distributed mainframe computer or
3 server; a data storage device; network connectivity
4 equipment; a rack, cabinet, and raised floor system; a
5 peripheral component or system; software; a mechanical,
6 electrical, or plumbing system necessary to operate the
7 foregoing property; any other item of equipment or system
8 necessary to operate any of the foregoing, including a
9 fixture; and a component part of any of the foregoing.

10 (c) This Section is repealed on July 1, 2025.

11 Section 15. The Service Occupation Tax Act is amended by
12 adding Section 3-9 as follows:

13 (35 ILCS 115/3-9 new)

14 Sec. 3-9. Data center exemption.

15 (a) Beginning on July 1, 2015 and through June 30, 2025,
16 qualified tangible personal property to be used in the
17 construction or operation of a data center is exempt from
18 taxation under this Act if: (i) the data center signs an
19 agreement with the Department of Commerce and Economic
20 Opportunity, and (ii) the agreement contains the following
21 elements:

22 (1) the data center, including its qualified
23 colocation tenants, must create and maintain at least 30
24 full-time equivalent jobs;

1 (2) those jobs must pay at least 125% of the median
2 wage paid to full-time employees in the county where the
3 data center is located, as determined by the U.S. Bureau of
4 Labor Statistics; and

5 (3) at least \$25,000,000 in capital must be invested in
6 the data center.

7 (b) As used in this Section:

8 "Data center" means a building rehabilitated or
9 constructed to house a group of networked server computers
10 in one physical location in order to centralize the
11 storage, management, and dissemination of data and
12 information pertaining to a particular business, taxonomy,
13 or body of knowledge.

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15 employee works for the taxpayer or for a corporation under
16 contract with the taxpayer at a rate of at least 35 hours
17 per week. A taxpayer who employs labor or services at a
18 specific site or facility under contract with another may
19 declare one full-time equivalent job for every 1,820 man
20 hours worked per year under that contract. Vacations, paid
21 holidays, and sick time are included in this computation.
22 Overtime is not considered a part of regular hours.

23 "Qualified colocation tenant" means an entity that
24 contracts with the owner or operator of a computer data
25 center described in subsection (a) of this Section to use
26 or occupy all or part of the computer data center for at

1 least 500 kilowatts per month for a period of 2 or more
2 years.

3 "Qualified tangible personal property" means an
4 electrical system; a cooling system; an emergency
5 generator; hardware or a distributed mainframe computer or
6 server; a data storage device; network connectivity
7 equipment; a rack, cabinet, and raised floor system; a
8 peripheral component or system; software; a mechanical,
9 electrical, or plumbing system necessary to operate the
10 foregoing property; any other item of equipment or system
11 necessary to operate any of the foregoing, including a
12 fixture; and a component part of any of the foregoing.

13 (c) This Section is repealed on July 1, 2025.

14 Section 20. The Retailers' Occupation Tax Act is amended by
15 adding Section 1t as follows:

16 (35 ILCS 120/1t new)

17 Sec. 1t. Data center exemption.

18 (a) Beginning on July 1, 2015 and through June 30, 2025,
19 qualified tangible personal property to be used in the
20 construction or operation of a data center is exempt from
21 taxation under this Act if: (i) the data center signs an
22 agreement with the Department of Commerce and Economic
23 Opportunity, and (ii) the agreement contains the following
24 elements:

1 (1) the data center, including its qualified
2 colocation tenants, must create and maintain at least 30
3 full-time equivalent jobs;

4 (2) those jobs must pay at least 125% of the median
5 wage paid to full-time employees in the county where the
6 data center is located, as determined by the U.S. Bureau of
7 Labor Statistics; and

8 (3) at least \$25,000,000 in capital must be invested in
9 the data center.

10 (b) As used in this Section:

11 "Data center" means a building rehabilitated or
12 constructed to house a group of networked server computers
13 in one physical location in order to centralize the
14 storage, management, and dissemination of data and
15 information pertaining to a particular business, taxonomy,
16 or body of knowledge.

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18 employee works for the taxpayer or for a corporation under
19 contract with the taxpayer at a rate of at least 35 hours
20 per week. A taxpayer who employs labor or services at a
21 specific site or facility under contract with another may
22 declare one full-time equivalent job for every 1,820 man
23 hours worked per year under that contract. Vacations, paid
24 holidays, and sick time are included in this computation.
25 Overtime is not considered a part of regular hours.

26 "Qualified colocation tenant" means an entity that

1 contracts with the owner or operator of a computer data
2 center described in subsection (a) of this Section to use
3 or occupy all or part of the computer data center for at
4 least 500 kilowatts per month for a period of 2 or more
5 years.

6 "Qualified tangible personal property" means an
7 electrical system; a cooling system; an emergency
8 generator; hardware or a distributed mainframe computer or
9 server; a data storage device; network connectivity
10 equipment; a rack, cabinet, and raised floor system; a
11 peripheral component or system; software; a mechanical,
12 electrical, or plumbing system necessary to operate the
13 foregoing property; any other item of equipment or system
14 necessary to operate any of the foregoing, including a
15 fixture; and a component part of any of the foregoing.

16 (c) This Section is repealed on July 1, 2025.

17 Section 99. Effective date. This Act takes effect July 1,
18 2015.