

# Sales Tax Exemption on DATA CENTER Equipment & Use— *Pennsylvania Department of Revenue*

## Overview: Pennsylvania Computer Data Center Equipment Program Sales & Use Tax Exemption Program

The Computer Data Center Equipment Program authorized under Act 84 of 2016 and amended under Act 13 of 2019 and Act 25 of 2021 is designed to attract new investment from businesses that own or operate within a computer data center.

Under the original legislation, the program was designed to provide a tax refund for sales and use tax paid on qualified computer data center equipment utilized within a facility certified by the Department of Revenue.

The passage of Act 25 of 2021 established the Computer Data Center Sales and Use Tax Exemption Program.

**Beginning January 1, 2022, computer data center equipment is exempt from Pennsylvania sales and use tax when:**

- **it is sold to, used, or consumed in a certified data center by an owner, operator or qualified tenant holding a Computer Data Center Sales and Use Tax Certificate of Exemption issued by the department.**

### **Requirements:**

**(1) On or before the fourth anniversary of certification, the computer data center creates a minimum investment of:**

- At least \$75,000,000 of new investment, on or after January 1, 2022, if the computer data center is located in a county with a population of 250,000 or fewer individuals and creates 25 new jobs;**

**or**



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ii. At least \$100,000,000 of new investment, on or after January 1, 2022, if the computer data center is located in a county with a population of more than 250,000 individuals and creates 45 new jobs.

(2) One or more taxpayers operating or occupying a computer data center, in the aggregate, pay annual compensation of at least \$1,000,000 to employees at the certified computer data center site for each year of the certification after the fourth anniversary of certification.

**Exclusion:** A telecommunications provider's computer data center that does not have retail or wholesale customers being billed or paying for services and does provide a majority of services for internal use or use by the telecommunications provider's subsidiaries is excluded from certification and qualification in the exemption program.

**[Specific information is available in the program guidelines.](#)**

# Pennsylvania Statute § 9931-D: *Data Center Sales & Use Tax Exemption*

## 72 Pa. Stat. § 9931-D

Current through P.A. Acts 2022-122

### Section 9931-D - Sales and Use Tax Exemption

**(a)Sales and use tax.**--Beginning January 1, 2022, the tax imposed under Article II shall not be imposed upon the sale at retail or use of computer data center equipment purchased for installation in a certified computer data center, if purchased by any of the following:

- (1)** An owner or operator of a computer data center certified under this subarticle.
- (2)** A qualified tenant of a computer data center certified under this subarticle.

**(b)Applicability.**--A tax exemption approved under this subarticle shall apply during the qualification period as provided under section 2942-D.

**(c)Exclusions.**--The following shall not qualify for a tax exemption:

- (1)** A telecommunications provider's computer data center that does not have retail or wholesale customers being billed or paying for services and does provide a majority of services for internal use or use by the telecommunications provider's subsidiaries.
- (2)** Computer data center equipment used by the certified computer data center for any of the following purposes:
  - (i)** Generating electricity for resale purposes to a power utility.
  - (ii)** Generating, providing or selling more than 5% of its electricity outside of the certified computer data center.
- (3)** Laptop computers, handheld devices and motor vehicles for use both inside and outside the computer data center.

**(d) Definition.**--As used in this section, the term "qualification period" shall mean the following:

**(1)** With respect to the owner or operator of a computer data center certified under this article, a period of time beginning on the date of certification of the computer data center and expiring at the end of the 25th full calendar year following the calendar year in which the owner or operator filed an application for certification.

**(2)** With respect to a qualified tenant of the owner or operator of a computer data center certified under this article, a period of time beginning on the date that the qualified tenant enters into an agreement concerning the use or occupancy of the computer data center and expiring at the earlier of the expiration of the term of the agreement or the end of the 10th full calendar year following the calendar year in which the qualified tenant enters into the agreement.

*72 P.S. § 9931-D*

Amended by P.L. TBD 2022 No. 53, § 19, eff. 7/8/2022. Amended by P.L. 1242021 No. 25, § 38, eff. 6/30/2021.

[DATA CENTER SALES TAX EXEMPTION DETAILED GUIDELINES](#)