

## FISCAL NOTE

April 8, 2019

<b>Bill No:</b>	SB 471	<b>Printer's No:</b>	477	<b>Sponsor:</b>	Hutchinson (R)
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### COST / (SAVINGS)

Fund (s)	2018-19	2019-20
General Fund- lost revenue	\$18.3 million	\$25.2 million

**SUMMARY:** This bill exempts the installation of computer data center equipment from State and Local Sales and Use Tax (SUT).

**ANALYSIS:** SB 471 stipulates that SUT refunds for computer data centers shall no longer be issued beginning after June 30, 2019.

The bill exempts the sale at retail or use of computer data center equipment for installation in a computer data center from all State and Local SUT. SB 471 excludes both telecommunications provider's computer data centers utilized for internal services, as well as computer data center equipment used to generate electricity for resale purposes from this exemption.

SB 471 stipulates that the Department of Revenue must begin accepting applications for this exemption within 90 days of the effective date of the legislation. The Department shall have 60 days after receipt of the application to either certify or deny the computer data center for the exemption. No computer data centers may be certified after December 31, 2029.

This bill will take effect July 1, 2019.

**FISCAL IMPACT:** While removing the SUT refund program for computer data centers will lead to revenue savings, these will be more than offset by the decreased SUT revenue resulting from exempting the sale and use of installing equipment at computer data centers. The table below demonstrates the revenue loss that the Department of Revenue is projecting would result from this bill:

Fiscal Year	Revenue Loss
18-19	<b>\$18.3 million</b>
19-20	<b>\$25.2 million</b>
20-21	<b>\$30.8 million</b>
21-22	<b>\$37.5 million</b>
22-23	<b>\$45.4 million</b>