

STATEMENT OF PURPOSE

RS24919C1

Idaho is well positioned to attract significant capital investment in the rapidly growing data center industry. The safe and secure storage of data continues to be a critical factor for growing companies throughout the world, and Idaho is an ideal location to site multiple large-scale data centers which tend to cluster in states with available land, competitive energy costs, minimal risk of natural disasters and an ideal climate.

Currently, Idaho is not competitive in attracting large-scale data center projects as over 20 states - including the bordering states of Washington and Wyoming - offer exemptions or rebates for sales taxes paid on eligible server equipment, which are typically replaced in a data center every three to five years. Furthermore, Oregon and Montana do not have a retail sales tax and therefore no data center equipment is subject to a sales tax.

Establishing the Idaho Information Technology Equipment Tax Rebate will enable Idaho to compete for these projects. This legislation provides a sales tax rebate on eligible server equipment that would benefit both the existing data centers in Idaho, as well as attracting new data centers to the state.

The provisions of Section 1 of this act shall be null, void, and of no force and effect on and after July 1, 2024.

FISCAL NOTE

Providing this exemption to existing Idaho businesses would result in an estimated \$600,000 annual reduction in sales tax revenue, \$531,000 of which would impact the General Fund. This impact assumes that 10 business entities would each invest \$1,000,000 in eligible server equipment per year.

Contact:

Bobbi-Jo Meulemann
Department of Commerce
(208) 334-2470

DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).