



## Sales Tax

The Data Center Gross Retail and Use Tax Exemption, enacted in June 2019, provides a sales and use tax exemption on purchases of qualifying data center equipment and energy to operators of a qualified data center for a period not to exceed 25 years for data center investments of less than \$750 million. If the investment exceeds \$750 million, the Indiana Economic Development Corporation (IEDC) may award an exemption for up to 50 years. This program is established by Indiana Code 6-2.5-15.

The new law makes Indiana the most competitive state in the nation for new data centers by offering tax exemptions for energy and equipment for up to 50 years for new facilities constructed in Indiana; the longest exemption period available in any state.

## Property Tax

Local governments may also provide a personal property tax exemption on qualified enterprise information technology equipment to owners of a data center who invest at least \$25 million in real and personal property in the facility.

## Eligibility

To qualify for the exemptions, data centers must reach a certain threshold for investment within 5 years of receiving an exemption certificate from the Indiana Department of Revenue. The minimum investment required is determined by the population of the county in which the qualified data center is located:

- \$25 million in counties with less than 50,000 people
- \$100 million in counties between 50,000 and 100,000 people
- \$150 million in counties with 100,000 or more people

Equipment that is eligible for the exemption includes the servers and related computer equipment or software purchased or leased for the processing, storage, retrieval or communication of data, as well as other equipment essential to the operation of the data center. This includes electricity used in qualified data center operations. Prior to qualifying for an exemption, IEDC must approve all planned data center equipment purchases.

**Contact Indy Partnership business development staff for assistance with making contact with local officials.**