[SB 1274](): computer data centers; TPT; refund
Sponsor: Senator Mesnard, LD 13
Caucus & COW

Overview

Directs a computer data center (CDC) when claiming refunds for transaction privilege tax (TPT) or use tax to file using the standard tax refund process and exempts those claims from the aggregate refund cap.

History

The Legislature established the CDC Program in 2013. The Arizona Commerce Authority (ACA) operates the CDC Program in conjunction with the Arizona Department of Revenue (DOR). A CDC is a facility that is predominately used to house working servers for one or more businesses or owners. A CDC may have uninterruptible energy supply or backup generator power, including temperature control infrastructure.

Current statute exempts the gross proceeds of sales or gross income from CDC equipment that is to be used to outfit, operate or benefit the CDC and that is sold to the owner, operator or qualified colocation tenant of a certified CDC from TPT and use tax ([A.R.S. §§ 42-5061]() and [42-5159]()). To qualify for the tax relief, a qualified CDC must submit: 1) an application for CDC certification and receive a letter of certification from the ACA; and 2) a signed affirmation that the CDC will satisfy the applicable capital investment threshold. Tax relief is the statutorily prescribed TPT, use tax and municipal tax deductions from the gross proceeds of sale or gross income from the sale of qualified equipment that is installed in a CDC.

Redefines *tax relief* to include use, installation, assembly, repair or maintenance, as it relates to a CDC, for deductions in the retail classification, prime contracting classification, use tax and municipal tax.

Provisions

1. Stipulates that when a CDC files any claim for a refund of TPT or use tax starting January 1, 2022 they must file using the standard tax refund process. (Sec. 1)

2. Exempts CDC claims from the aggregate refund cap. (Sec. 1)

3. Contains a retroactivity clause. (Sec. 2)

4. Makes technical and conforming changes. (Sec. 1)

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