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# Computer Data Center Equipment Incentive Program

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Program Guidelines

2017-02

Commonwealth of Pennsylvania  
Tom Wolf, Governor



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## **Section I - Introduction**

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The Commonwealth of Pennsylvania, through the Pennsylvania Department of Revenue (the “Department”), administers the Computer Data Center Equipment Incentive Program (the “Program”) authorized under Act 84 of 2016 and signed into law by Governor Tom Wolf.

The Program is designed to attract new investment from businesses that own or operate within a computer data center. The Program is available to owners and operators of computer data centers that obtain certification for eligibility in the Program. Beginning July 1, 2017, an owner, operator or qualified tenant of a certified computer data center may apply annually for a tax refund for sales and use tax paid on qualified computer data center equipment used within the facility.

## **Section II - Program Certification and Eligibility**

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An owner or operator of a computer data center must submit a complete application to the Department for certification within the Program. Certification is valid for a period of 15 full calendar years following the year in which the owner or operator filed the application for certification.

Approval or denial of the application will be provided to the applicant within 60 days of submission.

To become certified, a computer data center must meet one of the following requirements, after taking into account the combined investments made and annual compensation paid by the owner or operator of the computer data center or the qualified tenant:

- (1) On or before the fourth anniversary of certification, the computer data center creates a minimum investment of:
  - i. At least \$25,000,000 of new investment if the computer data center is located in a county with a population of 250,000 or fewer individuals; or
  - ii. At least \$50,000,000 of new investment if the computer data center is located in a county with a population of more than 250,000 individuals.
  
- (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.

Note: If the Department determines that the requirements for eligibility have not been satisfied, the Department may revoke the certification and recapture all or part of the tax refunds provided to the owner, operator or qualified tenants during the qualification period.

## **Section III - Tax Incentive and Qualification Period**

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Once certification is established, a single application per owner, operator and qualified tenant(s) may be submitted to the Department’s program office for a tax refund of sales or use tax paid on qualified computer data center equipment used within the certified data center.

Owners or Operators may request a refund for a period of 15 full calendar years following the year in which certification was granted.

Qualified Tenants may request a refund for the period of the term of the tenancy agreement or for a period of up to 10 full calendar years following the year in which the qualified tenant entered into the tenancy agreement, whichever comes earlier.

The application for refund, refund schedule and supporting documentation must be submitted no later than July 30<sup>th</sup>.

## **Section IV - Qualified Tenant List**

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Tenants that have a valid occupancy agreement with the owner or operator of the certified data center for occupancy within the data center and commit to use at least 100 kilowatts per month for two or more years, may be placed on a list by the owner or operator of the data center and communicated to the Department's program office.

The qualified tenant list must be on the form prescribed by the Department and submitted with all required supporting documentation no later than July 1<sup>st</sup>. Failure to provide the list to the Department will result in the disqualification of tenant refunds.

## **Section V – Tax Refund Documentation and Refund Schedule**

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### **Required Information**

1. Copy of complete invoice for all purchase transactions, in the order as they appear on the refund schedule with invoice copies hyperlinked using the invoice number.
  - If only certain items on an invoice qualify for the computer data center refund, identify those specific items on the invoice and reconcile to tax paid and refund requested.
  - If only certain items on the invoice are subject to tax and these items are not identified on invoice, the vendor shall provide reconciliation of taxed items and sales tax charged.
  - If sales tax charged is not shown on invoice as PA sales tax and a vendor address or customer sell to or ship to address is out of state, provide affidavit from vendor as to PA sales tax collected and remitted; include vendor sales tax account number.
2. Detailed description of each product or service not readily apparent; provide supporting documentation such as catalog cuts.
3. Detailed description of the process in which items were used, installed, repaired, maintained, etc.
4. Proof of delivery location for items used in the computer data center.

## 5. Proof of payment

- For each refund transaction with an argument of tax paid or remitted, submit proof of payment documentation to verify amount and date of payment/remittance. Reconcile all documentation to requested refund. Verify that no credit, correction or reversal occurred on any transaction claimed.

*Proof of payment shall consist of:*

- Use tax transaction- Detail tax accrual records in searchable electronic format for all periods at issue; reconcile detail list to each return filed and amount remitted; provide copy of return(s). Label or highlight every transaction at issue.
- Sales tax transaction- Copy (front and back) of cancelled check; if check and invoice amounts differ, provide a copy of the check voucher or documentation to support tax paid; reconcile any differences Or a bank statement, which includes a printout of the check showing amount and date the check cleared; reconcile to invoice amount.
- For electronic payment submit a copy of the actual transmittal confirmation or bank statement directly from the bank, showing the cleared electronic payment, in addition to any internal payment voucher. Reconcile individual invoices to transmittal or bank statement, accounting for subsequent bank adjustments to any transmittal. A voucher, memo, or other internal document alone from Applicant's accounting system is not sufficient proof of payment.

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### **Refund Documentation Submission**

The completed refund application and supporting documentation must be mailed to the Department of Revenue on a portable data storage device with hyperlinked data to the refund schedule on CD or flash drive.

- Do NOT email downloadable .zip files nor provide links to stored files
- Do NOT compress files nor password protect individual documents submitted via portable or electronic media; a one-time password protect may be added to a device; other security features or requirement to download may cause the device to be unreadable by the Department
- Please be advised that all evidence submitted in conjunction with any application is the property of the Commonwealth of Pennsylvania and **will not be returned.**

### Refund Schedule

The refund schedule must be requested electronically by emailing: [RA-btftrevkoz@pa.gov](mailto:RA-btftrevkoz@pa.gov).

SECTION I (REQUIRED)							SECTION II (REQUIRED)				SECTION III (REQUIRED)		SECTION IV ADDITIONAL INFORMATION (AS APPLICABLE)		
Vendor Name	Invoice No.	Invoice Date	Item Description (as detailed on invoice)	Total Invoice Amount	Invoice Amt Before Tax	Invoice Tax	Tax Type	Method of Tax Payment	Date Tax Paid	Use Tax Pd. Amt	Refund Requested Amount	Additional Comments	DOCUMENTATION HYPERLINKS		
											STATE		INVOICE HYPERLINK	PROOF OF PAYMENT HYPERLINK	ADD'L INFORMATION HYPERLINK
													-	-	-
* Copies of Invoices and/or receipts must be provided							* Copies of cancelled checks, bank statements, receipt or other payment remittance confirmation must be provided								

SECTION I (REQUIRED)						
Vendor Name	Invoice No.	Invoice Date	Item Description (as detailed on invoice)	Total Invoice Amount	Invoice Amount Before Tax	Invoice Tax

SECTION II (REQUIRED)			
Tax Type	Method of Tax Payment	Date Tax Paid	Use Tax Paid. Amount

SECTION III (REQUIRED)	
Refund Requested Amount	Additional Comments
STATE	

SECTION IV ADDITIONAL INFORMATION (AS APPLICABLE)		
DOCUMENTATION HYPERLINKS		
INVOICE HYPERLINK	PROOF OF PAYMENT HYPERLINK	ADD'L INFORMATION HYPERLINK

## **Section VI - Refund Approval**

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The Department will notify the owner or operator of the certified data center of the amount of approved refunds by September 30<sup>th</sup>. This notification will include the refunds approved for qualified tenants.

## **Section VII - Program Monitoring and Recapture**

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Upon submission of the certification application, the applicant must be in compliance with the laws and regulations of the Commonwealth of Pennsylvania, to the satisfaction of the Department. Failure to achieve state tax compliance during the review period will result in the denial of the certification.

The Department has the authority to request and audit records held by the data center owner, operator and tenants that document investments created by the data center, including costs of buildings, computer data center equipment, and all tax refunds directly received by the owner, operator or qualified tenants.

If the Department determines that the requirements for eligibility have not been satisfied, the Department may revoke the certification and recapture all or part of the tax refunds provided to the owner, operator or qualified tenants during the qualification period.

## **Section VIII - Limitation**

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The total amount of refunds approved by the Department shall not exceed \$5,000,000 in any fiscal year. If the total amount of tax refunds approved for all applicants in a fiscal year exceeds this amount, the Department shall allocate the refund to be received by each applicant.

## **Section IX - Definitions**

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**Computer data center:** All or part of a facility that may be composed of one or more businesses, owners or tenants, that is or will be predominantly used to house working servers or similar data storage systems and that may have uninterruptible energy supply or generator backup power, or both, cooling systems, towers and other temperature control infrastructure.

**Computer data center equipment:** Equipment that is used to outfit, operate or benefit a computer data center and component parts, installations, refreshments, replacements and upgrades to the equipment, whether any of the equipment is affixed to or incorporated into real property, including:

(1) All equipment necessary for the transformation, generation, distribution or management of electricity that is required to operate computer servers or similar data storage equipment, including generators, uninterruptible energy supplies, conduit, gaseous fuel piping, cabling, duct banks, switches, switchboards, batteries and testing equipment.

(2) All equipment necessary to cool and maintain a controlled environment for the operation of the computer servers or data storage systems and other components of the computer data center, including mechanical equipment, refrigerant piping, gaseous fuel piping, adiabatic and free cooling

systems, cooling towers, water softeners, air handling units, indoor direct exchange units, fans, ducting and filters.

(3) All water conservation systems, including facilities or mechanisms that are designed to collect, conserve and reuse water.

(4) All software, including, but not limited to, enabling software and licensing agreements, computer servers or similar data storage equipment, chassis, networking equipment, switches, racks, cabling, trays and conduit.

(5) All monitoring equipment and security systems.

(6) Modular data centers and preassembled components of any item described in this definition, including components used in the manufacturing of modular data centers.

(7) Other tangible personal property that is essential to the operations of a computer data center.

The following computer data center equipment does not qualify for a tax refund:

(1) Equipment used by the data center to generate electricity for resale purposes to a power utility, except for equipment used for sales incidental to the primary sale to computer data centers to generate, provide, or sell no more than 5% of its electricity outside of the computer data center.

(2) Equipment used by the computer data center to generate, provide, or sell more than 5% of its electricity outside of the computer data center.

New investment: Construction, expansion or build out of data center space at either a new or an existing computer data center on or after January 1, 2014, and the purchase and installation of computer data center equipment, except for items described under paragraph (4) of the definition of computer data center equipment.

Owner or operator: Includes a single entity, multiple entities or affiliated entities.

Qualified tenant: An entity that contracts with the owner or operator of a computer data center that is certified pursuant to this article to use or occupy part of the computer data center for at least 100 kilowatts per month for two or more years.



## **Section X - Contact Information**

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Please mail all correspondence to:

Pennsylvania Department of Revenue Economic Development Coordinator 1133 Strawberry Square Harrisburg PA 17128
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For additional information on the Computer Data Center Equipment Incentive Program, contact the Economic Development Coordinator at 717-772-3896 or [ra-bftrevkoz@pa.gov](mailto:ra-bftrevkoz@pa.gov).

**Section XI - Application for Certification**

<b><u>Computer Data Center Equipment Incentive Program</u></b>		
<b>PRIMARY BUSINESS REPRESENTATIVE</b>		
Please provide an attachment to this page if the business has a secondary representative or additional representatives that may answer questions and discuss confidential tax matters in relation to the application.		
Title:		
Company name:		
Phone:		
Fax:		
E-mail:		
Mailing Address:		
City:	State:	ZIP Code:
<b>BUSINESS INFORMATION</b>		
Entity Owner or Operator Name:		
Facility Address:		
City:	State:	ZIP Code:
<b>TAX INFORMATION</b>		
Entity Type:		
<u>Indicate how the entity reports to the Internal Revenue Service?</u>		
<input type="radio"/> C Corporation <input type="radio"/> S Corporation <input type="radio"/> Partnership  <input type="radio"/> Limited Liability Company (LLC) <input type="radio"/> Limited Partnership (LP)		
<u>If LLC is selected, is the LLC a</u>		
<input type="radio"/> Partnership <input type="radio"/> C Corporation <input type="radio"/> S Corporation  <input type="radio"/> Disregarded Entity (Corporate) LLC <input type="radio"/> Disregarded Entity (Sole Proprietorship)  <input type="radio"/> Single-Owner LLC		

<b>TAX INFORMATION</b>
Federal Employer Identification Number:
PA Revenue ID:
PA Sales/Use Tax License Number:
PA Employer Withholding Account Number:
PA Corporate Tax Account Number:
PURTA Number:
Unemployment Compensation Number:
NAICS Code:

<b>SHAREHOLDER/PARTNER/MEMBER INFORMATION</b>				
Provide the information requested in the boxes below for the following entities: all shareholders, partners, members, etc., of an S corporation, partnership, LLC and all persons or business that will receive pass-through income from the business. If you need additional space, please attach a spreadsheet behind this page.				
Name	SSN/EIN	Ownership %	Mailing Address, City, State and ZIP	Phone Number

<b>ELGIBILITY REQUIREMENTS</b>
<p>A computer data center must meet one of the following requirements, after taking into account the combined investments made and annual compensation paid by the owner or operator of the computer data center or the qualified tenant:</p> <p>(1) On or before the fourth anniversary of certification, the computer data center creates a minimum investment of:</p> <ul style="list-style-type: none"><li>iii. At least \$25,000,000 of new investment if the computer data center is located in a county with a population of 250,000 or fewer individuals; or</li><li>iv. At least \$50,000,000 of new investment if the computer data center is located in a county with a population of more than 250,000 individuals.</li></ul> <p>(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.</p>

<b>SUPPORTING DOCUMENTATION</b>
<p>A notarized affidavit with signature from the authorized executive representing the owner or operator, that the computer data center is expected to satisfy the certification requirement selected for Program eligibility.</p> <p>If applicable, information sufficient to identify the specific portion or portions of the facility comprising the computer data center.</p>

<b>STATEMENT OF AUTHENTICITY</b>
<b>Please provide the name of person completing the application.</b>
Name:
Signature:
Date of Submission:

***Upon submission of this application, the applicant must be in compliance with the laws and regulations of the Commonwealth of Pennsylvania, to the satisfaction of the Department of Revenue. Failure to achieve state tax compliance during the review period will result in the denial of the certification.***

**Section XII - Application for Refund**

<b><u>Computer Data Center Equipment Incentive Program</u></b>		
Please identify how the applicant qualifies for the computer data center equipment incentive program:		
<input type="radio"/> Owner <input type="radio"/> Operator <input type="radio"/> Qualified Tenant		
Data Center Facility Name:		
Data Center Facility Address:		
City:	State:	ZIP Code:
APPLICANT IDENTIFICATION		
Applicant name:		
Phone:		
E-mail:		
Corporate Mailing Address:		
City:	State:	ZIP Code:
TAX INFORMATION		
Federal Employer Identification Number:		
PA Revenue ID:		
NAICS Code:		
PRIMARY BUSINESS REPRESENTATIVE		
Last Name:	First Name:	MI:
Phone:		
E-mail:		
Mailing Address:		
City:	State:	ZIP Code:
REFUND REQUESTED		
Total Refund Requested \$ _____		

<b>SUPPORTING DOCUMENTATION</b>
All information must be communicated to the Department of Revenue by July 30 <sup>th</sup> on a portable data storage device with hyperlinked data to the refund schedule on CD or flash drive.
<b>STATEMENT OF AUTHENTICITY</b> <b>Please provide the name of person completing the application.</b>
Name:
Signature:
Date of Submission:
DEPARTMENT USE ONLY POST MARK DATE:

*The Department of Revenue has the authority to perform an audit on the applicant upon submission of this application to verify that the statements and evidence within this application are accurate and acceptable under the program requirements and Pennsylvania tax law and regulations.*