Computer Data Center
Equipment Exemption Program

Program Guidelines

2021-09
Computer Data Center Equipment
Exemption Program

Contents

Cover Page.................................................................................................................................................1
Table of Contents..........................................................................................................................................2

Section I - Introduction .................................................................................................................................3

Section II - Program Certification and Eligibility .......................................................................................3

Section III - Tax Exemption Application, Qualification and Renewal Period ........................................4

Section IV - Qualified Tenant List ..............................................................................................................4

Section V – Sales and Use Tax Exemption ..................................................................................................4
  A. Eligibility ................................................................................................................................................4
  B. Exemption Presentation to Vendors for Utilization ..............................................................................5
  C. Permitted Utilization of the Exemption ...............................................................................................6
  D. Prohibited Utilization of the Exemption .............................................................................................7

Section VI – Compliance, Monitoring and Recapture ...............................................................................7
  A. Tax Compliance ..................................................................................................................................7
  B. Monitoring and Recapture ...................................................................................................................7
  C. Records Submission ............................................................................................................................8

Section VII - Definitions ..............................................................................................................................8

Section VIII - Contact Information ............................................................................................................9

Section XI - Application for Computer Data Center Certification ........................................................10

Section X - Application for Exemption .....................................................................................................13

Section XI – Records Submission Form for Certification Monitoring ......................................................15
Section I - Introduction
The Commonwealth of Pennsylvania, through the Pennsylvania Department of Revenue (the “Department”), administers the Computer Data Center Exemption Program (the “Program”) authorized under Act 25 of 2021.

Beginning January 1, 2022, computer data center equipment is exempt from Pennsylvania sales and use tax when it is sold to, used or consumed in a certified data center, by an owner, operator or qualified tenant holding a Computer Data Center Sales and Use Tax Certificate of Exemption (“Exemption”) issued by the Department.

Section II - Program Certification and Eligibility
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 all 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 $75,000,000 of new investment, on or after January 1, 2022, if the computer data center is located in a county with a population of 250,000 or fewer individuals and creates 25 new jobs; or
   ii. At least $100,000,000 of new investment, on or after January 1, 2022, if the computer data center is located in a county with a population of more than 250,000 individuals and creates 45 new jobs.

(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.

Exclusion: A telecommunications provider’s computer data center that does not have retail or wholesale customers being billed or paying for services and does provide a majority of services for internal use or use by the telecommunications provider’s subsidiaries is excluded from certification and qualification in the exemption program.
Section III - Tax Exemption Application, Qualification and Renewal Period
Once certification is established, each owner, operator and qualified tenant must submit an annual application or renewal application, to the Department’s program office for an Exemption.

- Data centers that have obtained certification between calendar year 2017 and July 1, 2021, will be eligible to apply for an Exemption beginning October 1, 2021. Exemptions issued to approved applicants will be effective January 1, 2022 through December 31, 2022.

- Data centers that apply for certification after July 1, 2021 under the parameters in Section II of the guidelines, will be eligible to apply for an Exemption after certification is granted by the Department. Exemptions will be effective from January 1, 2022 until December 31, 2022 if the certification is granted in 2021. If the certification occurs in 2022, the effective date of the Exemption will be from the date of certification until December 31, 2022.

Each Exemption will have a unique exemption number. The exemption number changes annually. It is prohibited for the owner, operator or qualified tenant to utilize an expired Exemption.

Renewal applications for an Exemption are due by October 1, 2022.

Section IV - Qualified Tenant List
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 prior to October 1 annually or within 30 days of certification. Failure to provide the list to the Department will result in the disqualification of tenant applications for an Exemption or renewal of an Exemption.

Section V – Sales and Use Tax Exemption
A. Eligibility
To be eligible to participate in the Computer Data Center Exemption program and qualify for an Exemption:

1) The owner, operator or qualified tenant must be located within a certified computer data center facility, through which the Exemption is being requested.
   - If an owner, operator or qualified tenant has multiple locations within certified computer data center facilities, separate applications for an Exemption are required.
• If applying as a qualified tenant, the legal name of the qualified tenant must be on the qualified tenant list and submitted to the Department of Revenue prior to application for an Exemption.

2) A separate application for an Exemption must be filed annually, on behalf of each owner, operator or qualified tenant.

3) The owner, operator or qualified tenant, must be in state tax compliance as determined by the Department of Revenue.
   • State Tax Compliance requires the applicant, shareholders, members and partners of the applicant to have filed all required state tax reports and returns for all applicable taxable years and paid any balance of state tax due as determined at settlement or assessment by the Department of Revenue, unless the tax due is under appeal at the time the finding was made by the Department of Revenue.

B. Exemption Presentation to Vendors for Utilization

1) Each owner, operator or qualified tenant approved to receive an Exemption, will be issued a Certificate of Exemption (form number REVK-704), under the Computer Data Center Equipment Exemption program.

2) The Exemption (form number REVK-704) is only valid for purchases of exempt computer data center equipment made by the entity issued the certificate and used or consumed exclusively at the certified data center location.
   • The name of the entity issued the certificate and certified data center address are on the front of the certificate.
   • No other entity may purchase items on behalf of the entity holding the Exemption.
   • Purchased items may only be shipped to the data center address listed on the Exemption.

3) A copy of the Exemption (form number REVK-704) and Pennsylvania Exemption Certificate (form number REV-1220) must be provided to the vendor. The exemption certificates (both the REVK-704 and REV-1220), must be in the vendor’s possession on or before the 60th day following the date of the sale or lease to which the certificate relates.
   • If the vendor refuses to accept the Exemption, the certified data center owner, operator or qualified tenant must pay the sales tax. The certified data center owner, operator or qualified tenant may seek a refund of the tax through a Petition for Refund filed with the Board of Appeals. Please see www.boardofappeals.state.pa.us for more information.

4) The Exemption is only valid for use within the Certified Data Center Address from the effective date to the expiration date issued on the Exemption.
• An expired Exemption may be retained for tax records; however, the use of the Exemption after the expiration date or use of an alternative address is prohibited.

C. Permitted Utilization of the Exemption

Computer data center equipment is exempt from Pennsylvania sales and use tax when it is sold to a certified data center owner, operator or qualified tenant for installation in a Certified Computer Data Center.

Computer data center equipment is defined as: 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.
D. Prohibited Utilization of the Exemption

1) Laptop computers, handheld devices and motor vehicles for use both inside and outside the computer data center.

2) Equipment used by the data center to generate electricity for resale purposes to a power utility.

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

Please refer to the Frequently Asked Questions document maintained by the Department on its website for questions and answers pertaining to utilization of the Exemption.

Section VI – Compliance, Monitoring and Recapture

A. Tax Compliance

Upon submission of the computer data center 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.

- State Tax Compliance requires the applicant, shareholders, members and partners of the applicant to have filed all required state tax reports and returns for all applicable taxable years and paid any balance of state tax due as determined at settlement or assessment by the Department of Revenue, unless the tax due is under appeal at the time the finding was made by the Department of Revenue.

B. Monitoring and Recapture

The Department has the authority to request and audit records held by the data center owner, operator and qualified 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.

- Participants in the program will be subject to Sales and Use Tax Compliance Audits conducted by the Department to evaluate overall tax compliance and validate eligibility requirements and utilization of the Exemption.

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 exemption received by the owner, operator or qualified tenant.
C. Records Submission
All certified data centers will be required to provide the two Records Submission Forms for Program Monitoring, (Section XI) on an annual basis to document new investments required within the first 4 years of participation in the program.

In addition, the owner, operator or qualified tenants must:
1) Maintain detailed records of all investments created by the computer data center, including costs of buildings and computer data center equipment and all tax exemptions received by the owner or operator or qualified tenant.
2) Maintain purchase and cash disbursement journals for examination by the department.
3) Maintain copies of all invoices for all purchases and make any available upon request.
4) Maintain asset depreciation schedules or similar documents identifying all capital assets.
5) Maintain payroll journals for examination by the department.

Section VII - Definitions
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.

**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, 2022, 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 VIII - Contact Information**

Please mail all correspondence to:

Pennsylvania Department of Revenue  
Office of Economic Development  
1133 Strawberry Square  
Harrisburg PA 17128

For additional information on the Computer Data Center Equipment Exemption Program, contact the Office of Economic Development at 717-772-3896 or ra-bfttrevkoz@pa.gov.
# Section XI - Application for Computer Data Center Certification

**Computer Data Center Equipment Exemption Program**

### PRIMARY BUSINESS REPRESENTATIVE

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.

<table>
<thead>
<tr>
<th>Title:</th>
<th>Company name:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phone:</td>
<td>Fax:</td>
</tr>
<tr>
<td>E-mail:</td>
<td>Mailing Address:</td>
</tr>
</tbody>
</table>

| City: | State: | ZIP Code: |

### BUSINESS INFORMATION

<table>
<thead>
<tr>
<th>Entity or Operator Name</th>
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</thead>
<tbody>
<tr>
<td>Facility Name:</td>
</tr>
<tr>
<td>Facility Address:</td>
</tr>
</tbody>
</table>

| City: | State: | ZIP Code: |

### TAX INFORMATION

**Indicate how the entity reports to the Internal Revenue Service?**

- C Corporation
- S Corporation
- Partnership
- Limited Liability Company (LLC)
- Limited Partnership (LP)
If LLC is selected, is the LLC a

- Partnership
- C Corporation
- S Corporation
- Disregarded Entity (Corporate) LLC
- Disregarded Entity (Sole Proprietorship)
- Single-Owner LLC

## TAX INFORMATION

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:

### SHAREHOLDER/PARTNER/MEMBER INFORMATION

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.

<table>
<thead>
<tr>
<th>Name</th>
<th>SSN/EIN</th>
<th>Ownership %</th>
<th>Mailing Address, City, State and ZIP</th>
<th>Phone Number</th>
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</table>
**ELIGIBILITY REQUIREMENTS**

To become certified, a computer data center must all 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:
   - At least $75,000,000 of new investment, on or after January 1, 2022, if the computer data center is located in a county with a population of 250,000 or fewer individuals and creates 25 new jobs; or
   - At least $100,000,000 of new investment, on or after January 1, 2022, if the computer data center is located in a county with a population of more than 250,000 individuals and creates 45 new jobs.

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.

Exclusion: A telecommunications provider’s computer data center that does not have retail or wholesale customers being billed or paying for services and does provide a majority of services for internal use or use by the telecommunications provider’s subsidiaries is excluded from certification and qualification in the exemption program.

**SUPPORTING DOCUMENTATION**

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.

If applicable, information sufficient to identify the specific portion or portions of the facility comprising the computer data center.

**STATEMENT OF AUTHENTICITY**

Please provide the name of person completing the application.

<table>
<thead>
<tr>
<th>Name:</th>
</tr>
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<tbody>
<tr>
<td>Signature:</td>
</tr>
<tr>
<td>Date of Submission:</td>
</tr>
</tbody>
</table>

*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 X - Application for Exemption

<table>
<thead>
<tr>
<th>Computer Data Center Equipment Exemption Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Please identify how the applicant qualifies for the computer data center equipment incentive program:</td>
</tr>
<tr>
<td>○ Owner          ○ Operator          ○ Qualified Tenant</td>
</tr>
<tr>
<td>Data Center Facility Name:</td>
</tr>
<tr>
<td>Data Center Facility Address:</td>
</tr>
<tr>
<td>City:</td>
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<tr>
<td>APPLICANT IDENTIFICATION</td>
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<tr>
<td>Applicant name:</td>
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<tr>
<td>Phone:</td>
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<td>E-mail:</td>
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<tr>
<td>Corporate Mailing Address:</td>
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<td>City:</td>
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<td>TAX INFORMATION</td>
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<td>Federal Employer Identification Number:</td>
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<td>PA Revenue ID:</td>
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<tr>
<td>NAICS Code:</td>
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<tr>
<td>PRIMARY BUSINESS REPRESENTATIVE</td>
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<td>Last Name:</td>
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<td>Phone:</td>
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<td>E-mail:</td>
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**SHAREHOLDER/PARTNER/MEMBER INFORMATION**

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.

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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.

**STATEMENT OF AUTHENTICITY**

Please provide the name of person completing the application.

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<tbody>
<tr>
<td>Signature:</td>
<td></td>
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<tr>
<td>Date of Submission:</td>
<td></td>
</tr>
<tr>
<td>DEPARTMENT USE ONLY POST MARK DATE:</td>
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</tr>
</tbody>
</table>
Section XI – Records Submission Form for Certification Monitoring

All certified data centers will be required to download the two Records Submission Forms for Program Monitoring from the Computer Data Center Equipment Exemption program webpage and submit the documents to the Department on an annual basis to document new investments required within the first 4 years of participation in the program.

<table>
<thead>
<tr>
<th>Records Submission Form for Program Monitoring - Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Taxpayer:</strong> ABC Data Center</td>
</tr>
<tr>
<td><strong>Date of Conditional Approval:</strong> 11/15/2021</td>
</tr>
<tr>
<td><strong>4 year Due Date:</strong> 11/15/2025</td>
</tr>
<tr>
<td><strong>Record Submission timeframe:</strong> 11/15/2021 - 12/31/2022</td>
</tr>
<tr>
<td><strong>Location of Data Center:</strong> 123 Main Street, Greensburg Pa. 15601</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sequence #</th>
<th>Invoice Date</th>
<th>Invoice #</th>
<th>Vendor</th>
<th>Description of Expenditure</th>
<th>Capital/Expense</th>
<th>Account #</th>
<th>Invoice Amt</th>
<th>Sales Tax</th>
<th>Total Invoice Amt</th>
<th>New Investment</th>
<th>Investment Category</th>
<th>Exemption</th>
</tr>
</thead>
</table>

**Notes:**

A) List all expenditures incurred at the data center listed above for the record submission timeframe.

B) Hard copies of payable invoices for the listed expenditures must be separately maintained and available for examination upon the Department's request.

C) Please indicate "Y" or "N" if the expenditures qualifies as a new investment and/or the exemption.

D) For qualifying (Y) & non-qualifying (N) new investment expenditures, indicate the investment category using the legend below.

**Legend - Investment Category**

1 - Contracts and/or building materials for the construction, expansion or build out of the data center.

2 - Equipment for transformation, generation, distributing or management of electricity including generators, conduit, uninterruptable energy supplies, switches, cabling, switchboards, batteries etc.

3 - Equipment necessary to cool and maintained a controlled environment including mechanical equipment, refrigerant piping, cooling towers, water softeners, ductwork, air handling units, fans, filters etc.

4 - Water conservation systems, including facilities or mechanisms designed to collect, conserve and reuse water.

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

6 - All monitoring equipment and security systems.

7 - Modular data centers and preassemblies components of any items described in this definition, including components used in the manufacturing of modular data centers.

8 - Other tangible personal property that is essential to the operations of a computer data center.
### Records Submission Form for Program Monitoring - Compensation

<table>
<thead>
<tr>
<th>Taxpayer:</th>
<th>ABC Data Center</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of Conditional Approval:</td>
<td>11/15/2021</td>
</tr>
<tr>
<td>4 year Due Date:</td>
<td>11/15/2025</td>
</tr>
<tr>
<td>Compensation timeframe:</td>
<td>01/01/2026 - 12/31/2026</td>
</tr>
<tr>
<td>Location of Data Center:</td>
<td>123 Main Street, Greensburg Pa. 15601</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sequence #</th>
<th>Last 4 SSN</th>
<th>Employee Name</th>
<th>Title</th>
<th>Gross Compensation</th>
<th>Cost Center or Dept #</th>
<th>100% of hours worked at data center (Y/N)</th>
<th>Comments</th>
</tr>
</thead>
</table>

**Notes:**

A.) List annual compensation of all employees working at the location of the data center listed above.

B.) Payroll journals/registers as well as W-2's must be separately maintained and available for examination upon the Department's request.

C.) Indicate if 100% of the employee’s hours were worked at the data center. If not, indicate the other facilities or departments where the employee worked during the calendar year in the comments section.