



TO: The Honorable Members of the PA Senate Finance Committee

FROM: Allison Coccia, Director, Government Affairs

DATE: April 19, 2021

RE: SB 463 Support -Data Center Sales & Use Tax Exemption

On behalf of the PA Chamber of Business and Industry I urge you to support **SB 463** scheduled to be considered in committee today, Monday, April 19. The bill would amend the Tax Reform Code to create a sales and use tax (SUT) exemption for certain equipment purchased by data centers.

Per this legislation, computer data center equipment purchased by Department of Revenue certified data centers would be exempt from local and state sales and use taxes beginning January 1, 2022.

A certified exempt data center must meet the following criteria:

- Create \$75 million of new investment if located in a county with a population less than 250,000 and creates 25 new jobs; or
- Create \$100 million of new investment if located in a county with a population greater than 250,000 and creates 45 new jobs;
- In addition, the combined minimum employee payroll must be at least \$1 million annually

The existing sales tax refund program is capped and distributed pro-rata to all applicants, creating uncertainty, as those looking to locate in Pennsylvania will not know the savings they will be able to receive and invest back into their business until a year after their investment is made. It constricts growth for the industry, sending their millions in investment, tax revenue and jobs to other states.

The legislation would incentivize companies to locate their data centers in Pennsylvania, creating capital investment and family sustaining jobs as a result. It would go a long way in improving Pennsylvania's competitiveness, aligning the Commonwealth with 29 other states.

We urge you to support this bill. Please contact Allison Coccia at acoccia@pachamber.org or 518-265-7429 with questions or to discuss.