

# Data Center Tax Abatement

*NRS Chapter 360*

A partial abatement from personal property tax and sales and use tax are available to data center companies that locate or expand their business in Nevada. The personal property tax abatement can be up to 75% of the taxes due for 10 or 20 year abatement periods. Abatements for sales and use tax are for taxes imposed on the purchase of eligible machinery or equipment. The abatement reduces the applicable tax rate to 2% for a period of 10 or 20 years, a near 75% reductions in most jurisdictions. Abatements apply to co-located businesses of the data center.

Note: for fiscal year 2015-2016 any partial abatement must not include an abatement of the local school support tax imposed by chapter 374 of NRS.

**Eligible Goods:** personal property located at the center. From the tax imposed in the gross receipts from the sale, and the storage, use or other consumption, of eligible machinery or equipment for use at a data center. Machinery or equipment necessary to and specifically related to the business of the data center or collocated business. The term does not include vehicles, buildings or the structural component of buildings.

## **The Company's Responsibilities**

The company makes application to the Governor's Office of Economic Development ("Office"), and if approved, executes an agreement with the Office that includes but is not limited to: (i) a commitment to maintain the business in Nevada for 10 years, (ii) a requirement to register pursuant to the laws of Nevada, and obtains all licenses and permits required by the state, county, city or town in which the business operates, and (iii) a requirement to provide a medical insurance plan approved by the Office for all employees including but not limited to the company paying at least 65% of the employee premium cost. All abatements are voidable and recoverable with interest if the business fails to comply with any terms of the agreement. Audits will be performed by the Department of Taxation after 2, 5, 8 and 10 years to ensure compliance.

## **Eligibility**

The Governor's Office of Economic Development will look for the following criteria when reviewing an applicant's eligibility for abatements.

The applicant must meet the following criteria to achieve 10 year abatement period:

1. Data Center must add 10 or more Full-time Employees (FTE) at least 5 years after receiving certificate of eligibility and continue to employ 10 FTEs for 10 years.
2. Data Center must make (in respective county) a cumulative capital investment of at least \$25,000,000 in capital assets not later than five years after the abatement effective date.

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3. Data Center must pay at least 100% of the average statewide hourly wage.
4. Data Center must have at least 50% of the employees engaged in the construction of the data center be residents of Nevada.

**The applicant must meet the following criteria to achieve 20 year abatement period:**

1. Data Center must add 50 or more FTEs at least 5 years after receiving certificate of eligibility and continue to employ 50 FTEs for 20 years.
2. Data Center must make (in respective county) a cumulative capital investment of at least \$100,000,000 in capital assets not later than five years after the abatement effective date.
3. Data Center must pay at least 100% of the average statewide hourly wage.
4. Data Center must have at least 50% of the employees engaged in the construction of the data center be residents of Nevada.

Please contact Northern Nevada Development Authority to apply for data center tax abatements.

**This is a summary only and may not include all program requirements.**