

State of South Dakota

EIGHTY-EIGHTH SESSION
LEGISLATIVE ASSEMBLY, 2013

591U0081

HOUSE BILL NO. 1218

Introduced by: Representatives Lust, Cronin, Dryden, Erickson, Feinstein, Hajek, Hunhoff (Bernie), Latterell, Mickelson, Munsterman, Novstrup (David), Otten (Herman), Qualm, Steele, and Westra and Senators Brown, Kirkeby, Olson (Russell), Rave, and Tieszen

1 FOR AN ACT ENTITLED, An Act to exempt from sales and use taxes certain computer
2 equipment and software purchased for use in data centers.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That chapter 10-45 be amended by adding thereto a NEW SECTION to read as
5 follows:

6 There are exempted from the provisions of this chapter and from the tax imposed by it, gross
7 receipts from the sale, resale, or leasing of computer equipment and software used exclusively
8 for the purposes of a data center. A data center is any facility established for the purpose of
9 processing, storage, retrieval, or communication of data. The owner or operator of the data
10 center shall provide documentation to the Governors Office of Economic Development that the
11 purchases were made as part of:

12 (1) A new capital investment of at least two million dollars in computer equipment and
13 software; and

14 (2) The investment will result in the creation of twenty new jobs.



1 For the purposes of this section, the term, computer equipment, means servers, routers,
2 connections, and other enabling hardware including chillers and backup generators used or to
3 be used in the operation of the equipment. The purchaser of the computer equipment and
4 software shall sign and deliver a statement to the seller that the computer equipment will be
5 used exclusively for a data center that has received a tax exemption pursuant to this Act.

6 Section 2. That chapter 10-46 be amended by adding thereto a NEW SECTION to read as
7 follows:

8 There are exempted from the provisions of this chapter and from the tax imposed by it, gross
9 receipts from the sale, resale, or leasing of computer equipment and software used exclusively
10 for the purposes of a data center. A data center is any facility established for the purpose of
11 processing, storage, retrieval, or communication of data. The owner or operator of the data
12 center shall provide documentation to the Governors Office of Economic Development that the
13 purchases were made as part of:

- 14 (1) A new capital investment of at least two million dollars in computer equipment and
15 software; and
- 16 (2) The investment will result in the creation of twenty new jobs.

17 For the purposes of this section, the term, computer equipment, means servers, routers,
18 connections, and other enabling hardware including chillers and backup generators used or to
19 be used in the operation of the equipment. The purchaser of the computer equipment and
20 software shall sign and deliver a statement to the seller that the computer equipment and
21 software will be used exclusively for a data center that has received a tax exemption pursuant
22 to this Act.

23 Section 3. That chapter 10-45 be amended by adding thereto a NEW SECTION to read as
24 follows:

1 Any person claiming the exemption pursuant to sections 1 or 2 of this Act shall enter into
2 a memorandum of understanding with the Governor's Office of Economic Development and the
3 Department of Revenue that at a minimum provides the details for determining the amount of
4 the capital investment made and the number of new jobs created, the time line for achieving the
5 capital investment and new job goals, the repayment obligations should those goals not be
6 achieved, and any conditions under which repayment by the qualifying person claiming the
7 exemption may be required.

8 Section 4. The provisions of this Act are repealed on July 1, 2020.