

SALES AND USE TAX EXEMPTION

OVERVIEW

In 2009, the Virginia General Assembly enacted legislation that large data center facilities that meet certain requirements could be eligible for a Sales & Use Tax exemption on qualified data center equipment.

Requirements:

- New capital investment of \$150M and
- (1) The creation of 50 new jobs that must pay 1.5 times the average prevailing wage for the locality in which the facility is located or (2) 25 jobs in enterprise zones or in localities with 150 percent of the statewide unemployment rate as determined by VEDP

In 2010, Virginia expanded the definition of qualified equipment to include: servers, routers, generators, chillers and other enabling hardware.

In 2012, the Virginia General Assembly added language to the Code of Virginia that allows colocation data center facilities to aggregate the capital investment and new job requirements among the data center owner and its tenants. This expanded legislation will attract new business and support and encourage the growth of wholesale and retail data center facilities in Virginia.

Companies wishing to take advantage of the Sales & Use Tax Exemption must enter into an MOU with the Virginia Economic Development Partnership. The current legislation sunset date has been extended to June 30, 2035.

WHAT THIS MEANS TO YOUR COMPANY

The exemption of 5.3% in sales tax may allow for a savings of hundreds of thousands if not several millions of dollars for data center owners and operators. The exemptions created in 2012 for landlords and their tenants are among the most competitive in the U.S.

Virginia's leaders are committed to businesses' needs and maintaining a pro-business environment that responds to the business community. Our low tax and regulatory environment, right-to-work laws, and superior workforce and education system are compelling reasons businesses continue to locate and grow in our state.

Please contact the Virginia Economic Development Partnership for more information or visit VEDP on the web at www.YesVirginia.org.

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