

Second Regular Session
Sixty-ninth General Assembly
STATE OF COLORADO

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 14-1016.01 Nicole Myers x4326

HOUSE BILL 14-1389

HOUSE SPONSORSHIP

Pabon and DelGrosso, Gerou, Holbert, Lebsock, Melton, Moreno, Ryden, Singer,
Williams, Wright, Joshi, Young

SENATE SPONSORSHIP

Scheffel, Newell

House Committees

Business, Labor, Economic, & Workforce Development

Finance

Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING A SALES AND USE TAX EXEMPTION FOR INFORMATION**
102 **TECHNOLOGY EQUIPMENT THAT IS USED IN CERTAIN DATA**
103 **CENTERS.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

Beginning July 1, 2015, the bill allows a sales and use tax exemption for the sale, storage, and use of information technology equipment (IT equipment) that will be used in a qualified data center or a qualified refurbished data center. The bill includes IT equipment that is

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

purchased to replace or upgrade IT equipment and IT equipment that is relocated to the state. The bill requires that the IT equipment be used in a qualified data center or qualified refurbished data center within 20 years of the date of the sale, use, storage, or relocation of the IT equipment. The exemption applies to all IT equipment that is used and maintained within a qualified data center or qualified refurbished data center, regardless of whether the owner of the IT equipment is the owner of the qualified data center or qualified refurbished data center.

The bill specifies the criteria to be a qualified data center or a qualified refurbished data center and requires the owner of such a data center to certify to the Colorado office of economic development (office) that the data center satisfies that criteria. The office is required to determine whether a data center is a qualified data center or qualified refurbished data center and notify the department of revenue and the data center owner of such determination.

The office is required to submit a periodic report to the general assembly regarding the economic benefits of the sales and use tax exemption on IT equipment used in qualified data centers or qualified refurbished data centers. In addition, the office is required to make a presentation to the joint technology committee of the general assembly prior to finalizing the certification for any qualified data center or qualified refurbished data center.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, **add** 39-26-727 as
3 follows:

4 **39-26-727. Qualified data centers - legislative declaration -**
5 **definitions.** (1) (a) THE GENERAL ASSEMBLY HEREBY FINDS AND
6 DECLARES THAT:

7 (I) COLORADO'S ADVANCED TECHNOLOGY INDUSTRY DIRECTLY
8 PROVIDES AND CONTRIBUTES BILLIONS OF DOLLARS TO THE STATE'S
9 ECONOMY;

10 (II) AS A COMPONENT OF THAT INDUSTRY, DATA CENTERS ARE AN
11 IMPORTANT ASSET AND CREATE A SIGNIFICANT AMOUNT OF ECONOMIC
12 BENEFIT TO THE STATE, INCLUDING HIGH-END INFORMATION TECHNOLOGY,
13 CONSULTING, AND CONSTRUCTION EMPLOYMENT;

1 (III) THESE ASSETS, ONCE BUILT, ARE A KEY COMPONENT OF A
2 COMPANY'S OVERALL OPERATING ENVIRONMENT AND CAN CREATE A
3 LONG-TERM INVESTMENT IN A COMMUNITY;

4 (IV) STUDIES INDICATE THAT THE STATE WOULD BENEFIT
5 SIGNIFICANTLY FROM STATE-IMPLEMENTED INCENTIVES DESIGNED TO
6 STIMULATE PRIVATE-SECTOR INDUSTRY GROWTH;

7 (V) DATA CENTERS CAN BE A SIGNIFICANT SOURCE OF NEW
8 REVENUE, EVEN MORE SO THAN TYPICAL ECONOMIC GROWTH SUCH AS
9 MANUFACTURING, HEADQUARTERS, AND DISTRIBUTION CENTERS; AND

10 (VI) SINCE 2005, APPROXIMATELY SEVENTEEN STATES HAVE
11 PASSED LEGISLATION TO PROVIDE CUSTOMIZED INCENTIVES FOR DATA
12 CENTERS, AND THOSE STATES ARE ACTIVELY RECRUITING DATA CENTER
13 INVESTMENTS.

14 (b) THE GENERAL ASSEMBLY FURTHER FINDS AND DECLARES THAT
15 ENACTING A TAX INCENTIVE TO ENCOURAGE THE EXPANSION OF CURRENT
16 DATA CENTER BUSINESSES, ENCOURAGE NEW DATA CENTER BUSINESSES TO
17 LOCATE TO THE STATE, AND INVIGORATE THE STATE'S CURRENT
18 ADVANCED TECHNOLOGY INDUSTRY'S BUSINESS ACTIVITIES IS SOUND
19 PUBLIC POLICY.

20 (2) AS USED IN THIS SECTION:

21 (a) "FACILITY" MEANS A FACILITY AND THE RELATED PREMISES
22 THAT IS PRIMARILY USED TO HOUSE INFORMATION TECHNOLOGY
23 EQUIPMENT IN A DATA CENTER AND THAT HAS ALL OF THE FOLLOWING
24 CHARACTERISTICS:

25 (I) SOPHISTICATED FIRE SUPPRESSION AND PREVENTION SYSTEMS
26 AND ENHANCED SYSTEMS TO CONTROL THE CLIMATE WITHIN THE
27 FACILITY; AND

1 (II) ENHANCED SECURITY MEASURES. A FACILITY IS CONSIDERED
2 TO HAVE ENHANCED SECURITY IF IT HAS RESTRICTED ACCESS TO SELECTED
3 PERSONNEL, PERMANENT SECURITY GUARDS, VIDEO CAMERA
4 SURVEILLANCE, AN ELECTRONIC SYSTEM REQUIRING PASS CODES,
5 KEYCARDS, OR BIOMETRIC SCANS, SUCH AS HAND SCANS OR RETINAL OR
6 FINGERPRINT RECOGNITION, OR SIMILAR ENHANCED SECURITY FEATURES.

7 (b) (I) "INFORMATION TECHNOLOGY EQUIPMENT" MEANS
8 EQUIPMENT NECESSARY FOR THE MAINTENANCE AND OPERATION OF A
9 QUALIFIED DATA CENTER OR QUALIFIED REFURBISHED DATA CENTER,
10 INCLUDING:

11 (A) COMPUTERS AND EQUIPMENT SUPPORTING COMPUTING,
12 NETWORKING, OR DATA STORAGE, INCLUDING SERVERS, TABLETS,
13 SWITCHES, CROSS-CONNECTS, ROUTERS, AND THE APPLICATION SYSTEMS
14 AND OPERATING SYSTEMS THAT ENABLE THE INFORMATION TECHNOLOGY
15 EQUIPMENT;

16 (B) COOLING SYSTEMS, COOLING TOWERS, AND OTHER
17 TEMPERATURE CONTROL INFRASTRUCTURE;

18 (C) POWER INFRASTRUCTURE FOR TRANSFORMATION,
19 DISTRIBUTION, OR MANAGEMENT OF ELECTRICITY USED FOR THE
20 MAINTENANCE AND OPERATION OF A QUALIFIED DATA CENTER OR
21 QUALIFIED REFURBISHED DATA CENTER, INCLUDING BUT NOT LIMITED TO
22 EXTERIOR DEDICATED BUSINESS-OWNED SUBSTATIONS, ON-SITE POWER
23 GENERATION SYSTEMS, BACKUP POWER GENERATION SYSTEMS, BATTERY
24 SYSTEMS, UNINTERRUPTIBLE POWER SUPPLIES, STRUCTURES ERECTED TO
25 PROTECT ALL INFORMATION TECHNOLOGY EQUIPMENT FROM ANY
26 ENVIRONMENTAL CONDITIONS, AND OTHER RELATED INFRASTRUCTURE;
27 AND

1 (D) RACKING SYSTEMS, CABLING, AND TRAYS, WHICH ARE
2 NECESSARY FOR THE MAINTENANCE AND OPERATION OF THE QUALIFIED
3 DATA CENTER OR QUALIFIED REFURBISHED DATA CENTER.

4 (II) "INFORMATION TECHNOLOGY EQUIPMENT" INCLUDES ANY
5 EQUIPMENT THAT HAS THE CAPABILITY TO REPLACE THE FUNCTIONALITY
6 OF ANY OF THE EQUIPMENT SPECIFIED IN SUBPARAGRAPH (I) OF THIS
7 PARAGRAPH (b).

8 (c) "QUALIFIED DATA CENTER" MEANS A FACILITY THAT IS
9 LOCATED IN THE STATE THAT SATISFIES THE FOLLOWING CRITERIA:

10 (I) THE FACILITY IS COMPRISED OF ONE OR MORE BUILDINGS THAT
11 CONSIST IN THE AGGREGATE OF AT LEAST TWENTY-FIVE THOUSAND
12 SQUARE FEET. IN DETERMINING WHETHER THE FACILITY HAS THE
13 REQUIRED SQUARE FOOTAGE, THE SQUARE FOOTAGE OF OFFICE SPACE,
14 MEETING SPACE, AND MECHANICAL AND OTHER SUPPORT FACILITIES SHALL
15 BE INCLUDED IF THE SPACES ARE IN DIRECT SUPPORT OF THE OPERATION OF
16 INFORMATION TECHNOLOGY EQUIPMENT LOCATED AT THE FACILITY.

17 (II) THE FACILITY IS LOCATED ON A SINGLE PARCEL OR ON
18 CONTIGUOUS OR ADJACENT PARCELS;

19 (III) INVESTMENT IN THE FACILITY COMMENCED ON OR AFTER
20 JUNE 30, 2010; AND

21 (IV) THE TOTAL COST OF CONSTRUCTION OF THE FACILITY AND
22 INVESTMENT IN INFORMATION TECHNOLOGY EQUIPMENT FOR THE FACILITY
23 IS AT LEAST THIRTY MILLION DOLLARS WITHIN A FIVE-YEAR PERIOD. THE
24 TOTAL COST OF CONSTRUCTION AND INVESTMENT INCLUDES THE
25 INVESTMENTS BY THE OWNER OF THE FACILITY AND ALL OTHER
26 TAXPAYERS THAT OWN INFORMATION TECHNOLOGY EQUIPMENT LOCATED
27 AT THE FACILITY.

1 (d) "QUALIFIED REFURBISHED DATA CENTER" MEANS A FACILITY
2 THAT IS LOCATED IN THE STATE THAT SATISFIES THE FOLLOWING CRITERIA:

3 (I) THE FACILITY IS COMPRISED OF ONE OR MORE BUILDINGS THAT
4 CONSIST IN THE AGGREGATE OF AT LEAST TWENTY-FIVE THOUSAND
5 SQUARE FEET. IN DETERMINING WHETHER THE FACILITY HAS THE
6 REQUIRED SQUARE FOOTAGE, THE SQUARE FOOTAGE OF OFFICE SPACE,
7 MEETING SPACE, AND MECHANICAL AND OTHER SUPPORT FACILITIES SHALL
8 BE INCLUDED IF THE SPACES ARE IN DIRECT SUPPORT OF THE OPERATION OF
9 INFORMATION TECHNOLOGY EQUIPMENT LOCATED AT THE FACILITY.

10 (II) THE FACILITY IS LOCATED ON A SINGLE PARCEL OR ON
11 CONTIGUOUS OR ADJACENT PARCELS;

12 (III) THE FACILITY IS SUBSTANTIALLY REFURBISHED AFTER JUNE
13 30, 2013. A FACILITY WILL BE CONSIDERED SUBSTANTIALLY REFURBISHED
14 IF AT LEAST TWENTY-FIVE THOUSAND SQUARE FEET IN THE FACILITY HAS
15 BEEN REBUILT OR MODIFIED, INCLUDING THE INSTALLATION OF
16 INFORMATION TECHNOLOGY EQUIPMENT, ENVIRONMENTAL CONTROL,
17 ENERGY EFFICIENCY IMPROVEMENTS, AND OTHER BUILDING
18 IMPROVEMENTS.

19 (IV) THE TOTAL COST OF REFURBISHMENT OF THE FACILITY AND
20 INVESTMENT IN INFORMATION TECHNOLOGY EQUIPMENT IS AT LEAST
21 FIFTEEN MILLION DOLLARS WITHIN A TWO-YEAR PERIOD. THE TOTAL COST
22 OF REFURBISHMENT AND INVESTMENT INCLUDES THE INVESTMENTS BY
23 THE OWNER OF THE FACILITY AND ALL OTHER TAXPAYERS THAT OWN
24 INFORMATION TECHNOLOGY EQUIPMENT LOCATED AT THE FACILITY.

25 (3) (a) SUBJECT TO THE LIMITATIONS IN PARAGRAPHS (b), (c), AND
26 (d) OF THIS SUBSECTION (3), ON AND AFTER JULY 1, 2015, ALL SALES,
27 STORAGE, AND USE OF INFORMATION TECHNOLOGY EQUIPMENT THAT IS

1 USED IN A QUALIFIED DATA CENTER OR QUALIFIED REFURBISHED DATA
2 CENTER, INCLUDING INFORMATION TECHNOLOGY EQUIPMENT THAT IS
3 PURCHASED TO REPLACE OR UPGRADE INFORMATION TECHNOLOGY
4 EQUIPMENT IN A QUALIFIED DATA CENTER OR QUALIFIED REFURBISHED
5 DATA CENTER AND INFORMATION TECHNOLOGY EQUIPMENT THAT IS
6 RELOCATED TO A QUALIFIED DATA CENTER OR QUALIFIED REFURBISHED
7 DATA CENTER FROM OUTSIDE OF THE STATE, ARE EXEMPT FROM TAXATION
8 UNDER THE PROVISIONS OF PARTS 1 AND 2 OF THIS ARTICLE. THE
9 EXEMPTION APPLIES TO ALL INFORMATION TECHNOLOGY EQUIPMENT THAT
10 IS USED AND MAINTAINED AT THE QUALIFIED DATA CENTER OR QUALIFIED
11 REFURBISHED DATA CENTER, REGARDLESS OF WHETHER THE OWNER OF
12 THE INFORMATION TECHNOLOGY EQUIPMENT IS THE OWNER OF THE
13 QUALIFIED DATA CENTER OR QUALIFIED REFURBISHED DATA CENTER.

14 (b) THE EXEMPTION ALLOWED IN PARAGRAPH (a) OF THIS
15 SUBSECTION (3) APPLIES TO ANY INFORMATION TECHNOLOGY EQUIPMENT
16 THAT IS SOLD, STORED, USED, OR RELOCATED TO THE STATE TO BE USED IN
17 A QUALIFIED DATA CENTER OR A QUALIFIED REFURBISHED DATA CENTER
18 WITHIN TWENTY YEARS AFTER THE DATE OF THE FIRST INVESTMENT IN THE
19 FACILITY FOR THE PURPOSE OF BECOMING A QUALIFIED DATA CENTER OR
20 A QUALIFIED REFURBISHED DATA CENTER.

21 (c) INFORMATION TECHNOLOGY EQUIPMENT MUST BE USED IN A
22 QUALIFIED DATA CENTER OR A QUALIFIED REFURBISHED DATA CENTER FOR
23 AT LEAST ONE YEAR DURING THE PERIOD THAT THE FACILITY IS A
24 QUALIFIED DATA CENTER OR QUALIFIED REFURBISHED DATA CENTER.

25 (d) THE TOTAL AMOUNT OF EXEMPTIONS ALLOWED PURSUANT TO
26 THIS SUBSECTION (3) IN ANY YEAR SHALL NOT EXCEED ONE MILLION FIVE
27 HUNDRED THOUSAND DOLLARS. THE COLORADO OFFICE OF ECONOMIC

1 DEVELOPMENT SHALL DETERMINE A METHOD TO PRIORITIZE THE
2 EXEMPTIONS CLAIMED PURSUANT TO THIS SUBSECTION (3) TO ENSURE
3 THAT THE TOTAL AMOUNT CLAIMED IN ANY YEAR DOES NOT EXCEED SUCH
4 MAXIMUM AMOUNT.

5 (4) (a) FOR PURPOSES OF THE EXEMPTION SPECIFIED IN SUBSECTION
6 (3) OF THIS SECTION, THE OWNER OF A FACILITY SHALL CERTIFY ON A FORM
7 PRESCRIBED BY THE COLORADO OFFICE OF ECONOMIC DEVELOPMENT THAT
8 THE FACILITY MEETS THE CRITERIA TO BE A QUALIFIED DATA CENTER OR
9 A QUALIFIED REFURBISHED DATA CENTER. THE OWNER SHALL INCLUDE
10 DETAILED INFORMATION REGARDING:

11 (I) THE COST TO CONSTRUCT OR REFURBISH THE FACILITY, AS
12 APPLICABLE, AND THE AMOUNT OF THE INVESTMENT IN INFORMATION
13 TECHNOLOGY EQUIPMENT; AND

14 (II) WHEN THE COSTS TO CONSTRUCT OR REFURBISH THE FACILITY
15 WERE INCURRED AND WHEN THE INVESTMENT COSTS IN INFORMATION
16 TECHNOLOGY WERE INCURRED.

17 (b) IN SUBMITTING THE INFORMATION REQUIRED BY PARAGRAPH
18 (a) OF THIS SUBSECTION (4), IF THE OWNER IS NOT ABLE TO OBTAIN
19 ORIGINAL PURCHASE DOCUMENTATION FROM THIRD PARTIES THAT
20 MAINTAIN EQUIPMENT WITHIN THE FACILITY, THE OWNER MAY USE
21 REASONABLE ESTIMATION METHODS TO PROJECT THE INVESTMENT COSTS.

22 (c) DURING THE CERTIFICATION PROCESS PURSUANT TO THIS
23 SUBSECTION (4), THE COLORADO OFFICE OF ECONOMIC DEVELOPMENT
24 MAY REQUIRE THAT THE OWNER OF A FACILITY SUBMIT CERTAIN
25 INFORMATION TO THE OFFICE REGARDING THE IMPACT THAT THE
26 EXEMPTION ALLOWED IN THIS SECTION HAD ON THE OWNER'S DECISION TO
27 LOCATE OR EXPAND A BUSINESS, MAKE INVESTMENTS, AND HIRE

1 EMPLOYEES IN THE STATE. IF THE OWNER OF A FACILITY FAILS TO PROVIDE
2 THE INFORMATION REQUESTED BY THE OFFICE, THE OFFICE MAY DENY
3 CERTIFICATION AS A QUALIFIED DATA CENTER OR A QUALIFIED
4 REFURBISHED DATA CENTER.

5 (5) (a) BASED ON THE INFORMATION PROVIDED PURSUANT TO
6 SUBSECTION (4) OF THIS SECTION, THE COLORADO OFFICE OF ECONOMIC
7 DEVELOPMENT SHALL DETERMINE WHETHER A FACILITY IS A QUALIFIED
8 DATA CENTER OR A QUALIFIED REFURBISHED DATA CENTER FOR PURPOSES
9 OF THIS SECTION. PRIOR TO FINALIZING THE CERTIFICATION OF A
10 QUALIFIED DATA CENTER OR A QUALIFIED REFURBISHED DATA CENTER,
11 THE OFFICE SHALL CONSULT WITH THE ECONOMIC DEVELOPMENT
12 COMMISSION CREATED IN SECTION 24-46-102, C.R.S., REGARDING
13 WHETHER THE FACILITY SATISFIES THE CRITERIA TO BE A QUALIFIED DATA
14 CENTER OR A QUALIFIED REFURBISHED DATA CENTER.

15 (b) IF THE COLORADO OFFICE OF ECONOMIC DEVELOPMENT
16 DETERMINES THAT A FACILITY IS A QUALIFIED DATA CENTER OR A
17 QUALIFIED REFURBISHED DATA CENTER, THE FACILITY SHALL RETAIN ITS
18 QUALIFIED STATUS FOR TWENTY YEARS FROM THE DATE OF THE FIRST
19 EXEMPTION ALLOWED PURSUANT TO SUBSECTION (3) OF THIS SECTION.

20 (c) AFTER MAKING A DETERMINATION THAT A FACILITY IS A
21 QUALIFIED DATA CENTER OR A QUALIFIED REFURBISHED DATA CENTER,
22 THE OFFICE SHALL NOTIFY THE DEPARTMENT OF REVENUE AND ISSUE A
23 CERTIFICATION TO THE OWNER OF THE QUALIFIED DATA CENTER OR
24 QUALIFIED REFURBISHED DATA CENTER STATING THAT INFORMATION
25 TECHNOLOGY EQUIPMENT THAT IS STORED IN THE QUALIFIED DATA CENTER
26 OR QUALIFIED REFURBISHED DATA CENTER IS ELIGIBLE FOR THE
27 EXEMPTION ALLOWED PURSUANT TO SUBSECTION (3) OF THIS SECTION FOR

1 TWENTY YEARS AFTER THE DATE OF THE FIRST INVESTMENT IN THE
2 FACILITY FOR THE PURPOSE OF BECOMING A QUALIFIED DATA CENTER OR
3 A QUALIFIED REFURBISHED DATA CENTER.

4 (6) (a) THE COLORADO OFFICE OF ECONOMIC DEVELOPMENT SHALL
5 DEVELOP A PROCEDURE BY WHICH A TAXPAYER THAT USES AND
6 MAINTAINS INFORMATION TECHNOLOGY EQUIPMENT AT A QUALIFIED DATA
7 CENTER OR A QUALIFIED REFURBISHED DATA CENTER BUT IS NOT THE
8 OWNER OF THE FACILITY MAY OBTAIN CERTIFICATION THAT THE TAXPAYER
9 IS A QUALIFIED TENANT OF THE FACILITY AND IS ELIGIBLE TO CLAIM THE
10 EXEMPTION ALLOWED IN SUBSECTION (3) OF THIS SECTION.

11 (b) A TAXPAYER THAT SEEKS TO OBTAIN CERTIFICATION AS A
12 QUALIFIED TENANT OF A FACILITY SHALL APPLY TO THE COLORADO OFFICE
13 OF ECONOMIC DEVELOPMENT USING THE PROCEDURE ESTABLISHED BY THE
14 OFFICE. THE OFFICE SHALL VERIFY THAT THE TAXPAYER IS USING AND
15 MAINTAINING INFORMATION TECHNOLOGY EQUIPMENT IN A QUALIFIED
16 DATA CENTER OR A QUALIFIED REFURBISHED DATA CENTER AND IS A
17 QUALIFIED TENANT OF THE FACILITY.

18 (c) DURING THE CERTIFICATION PROCESS PURSUANT TO THIS
19 SUBSECTION (5), THE COLORADO OFFICE OF ECONOMIC DEVELOPMENT
20 MAY REQUIRE THAT A TAXPAYER THAT SEEKS TO OBTAIN CERTIFICATION
21 AS A QUALIFIED TENANT OF A FACILITY SUBMIT CERTAIN INFORMATION TO
22 THE OFFICE REGARDING THE IMPACT THAT THE EXEMPTION ALLOWED IN
23 THIS SECTION HAD ON THE TAXPAYER'S DECISION TO LOCATE OR EXPAND
24 A BUSINESS, MAKE INVESTMENTS, AND HIRE EMPLOYEES IN THE STATE. IF
25 THE TAXPAYER FAILS TO PROVIDE THE INFORMATION REQUESTED BY THE
26 OFFICE, THE OFFICE MAY DENY CERTIFICATION AS A QUALIFIED TENANT OF
27 A FACILITY.

1 (d) AFTER MAKING A DETERMINATION THAT A TAXPAYER IS A
2 QUALIFIED TENANT OF A FACILITY, THE OFFICE SHALL NOTIFY THE
3 DEPARTMENT OF REVENUE AND ISSUE A CERTIFICATION TO THE TAXPAYER
4 AND THE APPLICABLE QUALIFIED DATA CENTER OR QUALIFIED
5 REFURBISHED DATA CENTER STATING THAT INFORMATION TECHNOLOGY
6 EQUIPMENT THAT IS STORED IN THE QUALIFIED DATA CENTER OR
7 QUALIFIED REFURBISHED DATA CENTER BY THE QUALIFIED TENANT IS
8 ELIGIBLE FOR THE EXEMPTION ALLOWED PURSUANT TO SUBSECTION (3) OF
9 THIS SECTION FOR THE REMAINDER OF THE PERIOD THAT THE FACILITY
10 RETAINS ITS QUALIFIED STATUS AS DETERMINED PURSUANT TO PARAGRAPH
11 (b) OF SUBSECTION (5) OF THIS SECTION.

12 (7) NOTWITHSTANDING THE PROVISIONS OF SECTION 39-26-703 (2)
13 (d), ALL SALES, STORAGE, AND USE OF INFORMATION TECHNOLOGY
14 EQUIPMENT THAT IS USED IN A QUALIFIED DATA CENTER IS ELIGIBLE FOR
15 THE EXEMPTION ALLOWED PURSUANT TO SUBSECTION (3) OF THIS SECTION
16 FOR FIVE YEARS AFTER THE DATE OF THE SALE, STORAGE, OR USE OF SUCH
17 INFORMATION TECHNOLOGY EQUIPMENT. UNDER NO CIRCUMSTANCES
18 SHALL THE EXEMPTION ALLOWED PURSUANT TO SUBSECTION (3) OF THIS
19 SECTION BE ALLOWED FOR THE SALE, STORAGE, OR USE OF INFORMATION
20 TECHNOLOGY EQUIPMENT PRIOR TO JANUARY 1, 2015.

21 (8) (a) ON OR BEFORE NOVEMBER 1, 2021, AND ON OR BEFORE
22 NOVEMBER 1 EVERY SIX YEARS THEREAFTER, THE COLORADO OFFICE OF
23 ECONOMIC DEVELOPMENT SHALL SUBMIT A REPORT TO THE MEMBERS OF
24 THE GENERAL ASSEMBLY THAT ANALYZES AND ESTIMATES THE ECONOMIC
25 BENEFITS OF THE EXEMPTION ALLOWED IN THIS SECTION.

26 (b) ANY QUALIFIED DATA CENTER, QUALIFIED REFURBISHED DATA
27 CENTER, OR QUALIFIED TENANT OF A FACILITY SHALL SUBMIT TO THE

1 COLORADO OFFICE OF ECONOMIC DEVELOPMENT INFORMATION
2 REQUESTED BY THE OFFICE FOR THE PURPOSE OF TRACKING AND
3 MONITORING QUALIFIED DATA CENTERS, QUALIFIED REFURBISHED DATA
4 CENTERS, AND QUALIFIED TENANTS OF FACILITIES FOR THE PURPOSE OF
5 THE REPORT REQUIRED BY PARAGRAPH (a) OF THIS SUBSECTION (8). IF A
6 QUALIFIED DATA CENTER, QUALIFIED REFURBISHED DATA CENTER, OR
7 QUALIFIED TENANT OF A FACILITY FAILS TO PROVIDE THE INFORMATION
8 REQUESTED BY THE OFFICE, THE OFFICE MAY REVOKE CERTIFICATION AS
9 A QUALIFIED DATA CENTER, QUALIFIED REFURBISHED DATA CENTER, OR
10 QUALIFIED TENANT OF A FACILITY, AS APPLICABLE.

11 (9) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2025.

12 **SECTION 2.** In Colorado Revised Statutes, 29-2-105, **add** (1) (d)
13 (I) (M) as follows:

14 **29-2-105. Contents of sales tax ordinances and proposals.**

15 (1) The sales tax ordinance or proposal of any incorporated town, city,
16 or county adopted pursuant to this article shall be imposed on the sale of
17 tangible personal property at retail or the furnishing of services, as
18 provided in paragraph (d) of this subsection (1). Any countywide or
19 incorporated town or city sales tax ordinance or proposal shall include the
20 following provisions:

21 (d) (I) A provision that the sale of tangible personal property and
22 services taxable pursuant to this article shall be the same as the sale of
23 tangible personal property and services taxable pursuant to section
24 39-26-104, C.R.S., except as otherwise provided in this paragraph (d).
25 The sale of tangible personal property and services taxable pursuant to
26 this article shall be subject to the same sales tax exemptions as those
27 specified in part 7 of article 26 of title 39, C.R.S.; except that the sale of

1 the following may be exempted from a town, city, or county sales tax only
2 by the express inclusion of the exemption either at the time of adoption
3 of the initial sales tax ordinance or resolution or by amendment thereto:

4 (M) THE EXEMPTION FOR SALES, STORAGE, AND USE OF
5 INFORMATION TECHNOLOGY EQUIPMENT USED IN A QUALIFIED DATA
6 CENTER OR QUALIFIED REFURBISHED DATA CENTER AS SPECIFIED IN
7 SECTION 39-26-727, C.R.S.

8 **SECTION 3. Act subject to petition - effective date.** This act
9 takes effect at 12:01 a.m. on the day following the expiration of the
10 ninety-day period after final adjournment of the general assembly (August
11 6, 2014, if adjournment sine die is on May 7, 2014); except that, if a
12 referendum petition is filed pursuant to section 1 (3) of article V of the
13 state constitution against this act or an item, section, or part of this act
14 within such period, then the act, item, section, or part will not take effect
15 unless approved by the people at the general election to be held in
16 November 2014 and, in such case, will take effect on the date of the
17 official declaration of the vote thereon by the governor.