

## **Mo. considers incentives package for data centers**

CHRIS BLANK - Associated Press - Associated Press

Missouri lawmakers are proposing a package of tax breaks aimed at persuading companies to bring their computer data centers to Missouri, joining a competition against other states in the center of the country that already have picked up developments from companies such as Google Inc.

The Missouri legislation would offer sales tax exemptions to companies that operate data centers and allow local governments to partner with the companies. Supporters say the data centers could bring some high-paying jobs to the state.

"We believe it's going to make Missouri very competitive with other states that have these types of incentives, where today we're missing out on opportunities because other states have incentives specifically to target data centers," said Ray McCarty, the president of Associated Industries of Missouri.

An organization that includes companies, economic development councils and business groups has supported attempts to create new tax breaks for data centers. The Missouri Coalition for Data Centers touts the merits of a \$27 billion industry in the U.S. that has grown by more than 8 percent per year.

"You're talking high-tech, high-paying jobs. Those are the kind of job that you want here in the state," said Tracy King, the vice president of governmental affairs for the Missouri Chamber of Commerce and Industry.

Missouri lawmakers have included the incentives for data centers in a broader economic development package that is the centerpiece of a special legislative session that started earlier this month. Senators approved the package this past week, and a House committee was to consider the bill Monday. The full House could vote on the economic development legislation later this week.

While other pieces of the economic development have generated significant controversy, data center tax incentives so far have gone largely unchallenged.

Missouri has proposed to exempt from sales taxes for 15 years the electricity, gas, water, Internet service and other utilities that are used by data centers. Computers, machinery, equipment and the materials that are needed to construct the data centers also would be exempt from sales taxes. The tax breaks would apply to new data centers and could be used for expansion projects at existing facilities. To get the incentives, projects would have to be projected to generate a net tax benefit to the state over a 10-year period.

New data centers would need to invest at least \$37 million over three years and

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create 30 jobs that pay at least 150 percent of the average county wage. For data centers that are expanding, the company would need to invest \$5 million and create five new jobs. Companies would have to agree to repayment penalties if they do not meet all the requirements for the incentives.

Many of the states that border Missouri already offer incentives that target data centers.

Lawmakers in Iowa approved legislation in 2007 to exempt electricity and capital investment requirements from sales tax for computer-related businesses. The measure was aimed at attracting Google, which later opened a new \$600 million server farm in Council Bluffs. In 2008, Iowa updated its package of tax breaks and took aim at Microsoft Corp.

Another of Missouri's neighbors also was selected by Google. The Mountain View, Calif.-based company was to open a new data center in the northeastern Oklahoma town of Pryor.

Missouri already has some data centers, and supporters of the proposed new incentives said they could be combined with the state's existing advantages to recruit more companies. The central U.S. generally is shielded from natural disasters such as serious earthquakes and hurricanes, and Missouri has relatively inexpensive electricity.

King said data centers essentially are warehouses for information that are used by all types of businesses. She said the proposed incentives would prompt those mulling data center sites to take a look at Missouri — even if neighboring states still could offer a sweeter deal.

"This is the starting point. It gets site developers looking at us and willing to start talking to us," King said.

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