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## Missouri Passes Data Center Incentive Legislation

Missouri recently joined the growing number of states that have created incentives for the construction or expansion of data center facilities. The new law, signed on April 9, 2015, provides exemptions from various state and local sales and use taxes for new, expanding, and replacement data center facilities.

### General qualifications

In order to qualify for the exemption, new facility projects must result in at least \$25 million of project investment and create at least ten new jobs with wages at or above 150% of the county average — all over a three-year period. New facility exemptions last for up to 15 years. Expanding or replacement facilities must involve at least \$5 million of investment in one year and create at least five new jobs with qualifying wages over a two-year period. These exemptions last for up to 10 years.

### Sales and use tax exemptions

The incentive creates sales and use tax exemptions on:

- Electrical energy, gas, water, telecommunications and other utilities (with certain limitations for expanding facilities)
- Machinery, equipment and computers used in the facility
- Retail sales of tangible personal property and materials for construction or remodeling

## **Limitations**

The law contains several important limitations on the incentives. First, the amount of any exemption cannot exceed the projected net fiscal benefit to the state over 10 years, as determined by the Missouri Department of Economic Development. Second, any taxpayer receiving an exemption under the new law becomes ineligible for various other business recruitment incentives. Developers and users should carefully analyze all available incentives to determine which programs are best suited to their project.

## **Rules**

The law directs the Department of Economic Development and the Department of Revenue to promulgate rules to carry out the new incentive procedure. We expect the rules to provide additional detail regarding the certification process, the measurement of the amount of the exemption, and other practical procedures for taking advantage of the new incentive.

If you have further questions concerning data centers, data center development, or business incentives, please contact your Thompson Coburn attorney or one of the attorneys in our Real Estate Practice Group or Public Finance Practice Group listed below:

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