

SENATE BILL 850

Q4, C8

9lr2355

By: **Senators Hershey, Eckardt, Edwards, Hough, and Serafini**

Introduced and read first time: February 4, 2019

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Sales and Use Tax – Exemption – Qualified Computer Technology**

3 FOR the purpose of exempting from the sales and use tax certain sales of certain qualified
4 computer technology for use at a certain qualified data center under certain
5 circumstances; requiring an individual or a corporation to apply for a certain
6 certificate of eligibility for the exemption; providing for the renewal of a certain
7 certificate; defining certain terms; and generally relating to a sales and use tax
8 exemption for qualified computer technology.

9 BY adding to

10 Article – Tax – General

11 Section 11–235

12 Annotated Code of Maryland

13 (2016 Replacement Volume and 2018 Supplement)

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

15 That the Laws of Maryland read as follows:

16 **Article – Tax – General**

17 **11–235.**

18 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**
19 **INDICATED.**

20 **(2) (I) “QUALIFIED COMPUTER TECHNOLOGY” MEANS COMPUTER**
21 **EQUIPMENT OR SOFTWARE PURCHASED OR LEASED FOR THE PROCESSING,**
22 **STORAGE, RETRIEVAL, OR COMMUNICATION OF DATA.**

23 **(II) “QUALIFIED COMPUTER TECHNOLOGY” INCLUDES**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 SERVERS, ROUTERS, CONNECTIONS, AND OTHER ENABLING HARDWARE, SUCH AS
2 CHILLERS AND BACKUP GENERATORS.

3 (3) "QUALIFIED DATA CENTER" MEANS A DATA CENTER LOCATED IN
4 THE STATE IN WHICH AN INDIVIDUAL OR A CORPORATION, ON OR AFTER JULY 1,
5 2019, HAS INVESTED:

6 (I) FOR A FACILITY LOCATED WITHIN A TIER I COUNTY, AT
7 LEAST \$2,000,000 IN IMPROVEMENTS; OR

8 (II) FOR A FACILITY LOCATED IN ANY OTHER COUNTY, AT LEAST
9 \$5,000,000 IN IMPROVEMENTS.

10 (4) (I) "QUALIFIED POSITION" MEANS A POSITION THAT:

11 1. IS A FULL-TIME POSITION OF INDEFINITE DURATION;

12 2. PAYS AT LEAST 150% OF THE PREVAILING WAGE FOR
13 THE JOB CLASSIFICATION FOR THAT POSITION, AS DETERMINED BY THE
14 DEPARTMENT OF LABOR, LICENSING, AND REGULATION;

15 3. IS NEWLY CREATED BECAUSE A BUSINESS FACILITY
16 BEGINS OR EXPANDS IN ONE LOCATION IN A TIER I COUNTY; AND

17 4. IS FILLED.

18 (II) "QUALIFIED POSITION" DOES NOT INCLUDE A POSITION
19 THAT IS:

20 1. CREATED WHEN AN EMPLOYMENT FUNCTION IS
21 SHIFTED FROM AN EXISTING BUSINESS FACILITY OF A QUALIFIED BUYER IN THE
22 STATE TO ANOTHER BUSINESS FACILITY OF THE SAME QUALIFIED BUYER IF THE
23 POSITION IS NOT A NET NEW JOB IN THE STATE;

24 2. CREATED THROUGH A CHANGE IN OWNERSHIP OF A
25 TRADE OR BUSINESS;

26 3. CREATED THROUGH A CONSOLIDATION, MERGER, OR
27 RESTRUCTURING OF A BUSINESS ENTITY IF THE POSITION IS NOT A NET NEW JOB IN
28 THE STATE;

29 4. CREATED WHEN AN EMPLOYMENT FUNCTION IS
30 CONTRACTUALLY SHIFTED FROM AN EXISTING BUSINESS ENTITY IN THE STATE TO

1 ANOTHER BUSINESS ENTITY IF THE POSITION IS NOT A NET NEW JOB IN THE STATE;
2 OR

3 **5. FILLED FOR A PERIOD OF LESS THAN 12 MONTHS.**

4 **(5) “TIER I COUNTY” HAS THE MEANING STATED IN § 1-101 OF THE**
5 **ECONOMIC DEVELOPMENT ARTICLE.**

6 **(B) THE SALES AND USE TAX DOES NOT APPLY TO A SALE OF QUALIFIED**
7 **COMPUTER TECHNOLOGY FOR USE AT A QUALIFIED DATA CENTER IF THE BUYER**
8 **PROVIDES THE VENDOR WITH EVIDENCE OF ELIGIBILITY FOR THE EXEMPTION**
9 **ISSUED BY THE COMPTROLLER.**

10 **(C) AN INDIVIDUAL OR A CORPORATION IS ELIGIBLE FOR THE EXEMPTION**
11 **UNDER THIS SECTION IF THE INDIVIDUAL OR CORPORATION OWNS A QUALIFIED**
12 **DATA CENTER AT WHICH:**

13 **(1) FOR A FACILITY LOCATED IN A TIER I COUNTY, THE INDIVIDUAL**
14 **OR CORPORATION HAS FILLED AT LEAST 5 QUALIFIED POSITIONS; OR**

15 **(2) FOR A FACILITY LOCATED IN ANY OTHER COUNTY, THE**
16 **INDIVIDUAL OR CORPORATION HAS FILLED AT LEAST 10 QUALIFIED POSITIONS.**

17 **(D) TO QUALIFY FOR THE SALES AND USE TAX EXEMPTION UNDER**
18 **SUBSECTION (B) OF THIS SECTION, AN INDIVIDUAL OR A CORPORATION SHALL FILE**
19 **AN APPLICATION FOR AN EXEMPTION CERTIFICATE WITH THE COMPTROLLER.**

20 **(E) AN EXEMPTION CERTIFICATE ISSUED BY THE COMPTROLLER UNDER**
21 **THIS SECTION:**

22 **(1) MUST BE RENEWED EACH YEAR; AND**

23 **(2) MAY NOT BE RENEWED FOR MORE THAN 10 CONSECUTIVE YEARS.**

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
25 1, 2019.