

MINUTES
JOINT MEETING
HOUSE REVENUE & TAXATION COMMITTEE
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Tuesday, March 26, 2019

TIME: 8:30 A.M.

PLACE: EW 42

MEMBERS: Chairman Collins, Vice Chairman Stevenson, Representatives Moyle, Anderst, Dayley, Chaney, Gestrin, Addis, Dixon, Furniss, Giddings, Nichols, Ricks, Erpelding, Ellis, Mason

Chairman Rice, Vice Chairman Grow, Senators Hill, Burgoyne, Vick, Lakey, Anthon, Cheatham, Nye

**ABSENT/
EXCUSED:** Representative(s) Moyle, Dixon, Giddings, Nichols, Erpelding, Mason

Senators Hill, Burgoyne, Vick, Anthon

GUESTS: Steven Delbianco, NETCHOICE; Barbara Comstock, NETCHOICE; Roger Brown, Boise State University; Phil Archer, BVEP; Ray Stark, Boise Metro Chamber of Commerce (BMCC); Randy Hill, BMCC; Bill Connors, BMCC; Wes Dawson, NAI Select; James Brenner, Banner Bank; Laura Chiuppi, Boise State COBE; Jayson Ronk, Micron; Matt Kringle, FiberPipe Data Center; Heidi Jarvis-Frimes, Idaho Tech Council; Melinda Merrill, Eiguren Ellis; Brock Astin, LCSC; Ryan Armbruster, Elam Burke; Mitch Toryanski, Regence; Corey Surler, St. Alphonsus; Miguel Legarreta, ATI.

Chairman Collins called the meeting to order at 8:31 a.m.

Steve DelBianco, President, NETCHOICE, introduced **Barbara Comstock**, NETCHOICE advisor and former U.S. Congresswomen from Virginia, to present with him on the subject of data center sales tax exemptions. Mr. DelBianco informed the committees the presentation was informational only but related to **H 279** introduced late in the legislative session this year and which they intend to pursue next year. He said data centers are warehouses that store social media data which provide millions of dollars in job opportunities. He gave an example of a Facebook data center in Prineville, Oregon that employs 200-300 people. They reviewed statistical information gathered by Oxford Economics regarding the economic impact of data centers to communities and gave a historical perspective on the state of Virginia's legislative steps to attract data centers to their state. Data centers would benefit Idaho economically by bringing the benefits of: income and spending by construction workers and contractors, income and spending by data center employees, revenue for local suppliers and contractors, high-tech training and experience for the workforce, lodging and meals taxes by contractors and visitors, making the state more attractive for technical industries, and diversifying local economies. Tax benefits to Idaho would also accrue through income taxes paid by data center employees, corporate income taxes from data center operators, contractors and suppliers, as well as from property taxes. The backbone a data center brings with it would provide a very big benefit to Idaho citizens in providing 5g network and increased high-speed wireless capabilities. Both Mr. DelBianco and Ms. Comstock indicated data centers would not locate in states that did not provide sales tax relief on updated, replaced and maintenance equipment utilized within the data centers continuing and renewing life cycle. They encouraged Idaho

to ensure it has a sales tax exemption incentive program to support long-term high tech industry and job creation and growth.

In response to committee questions, **Mr. DelBianco** stated data centers would train a local workforce for technical positions, about ten states have passed legislation granting a sales tax exemption to data center equipment, data centers are 80% hydro power driven which makes a state like Idaho significantly attractive, but competition among states for data centers is high. Mr. DelBianco also replied to a question regarding thresholds by saying there are a variety of thresholds with a high sales tax exemption threshold drawing a developer willing to put up a \$100 million data center to a low threshold exemption for local data centers bringing about \$10 million in data center development.

ADJOURN: There being no further business to come before the joint committees, the meeting adjourned at 9:31 a.m.

Representative Collins
Chair

Lorrie Byerly
Secretary