

Proposed Amendments to Kansas Senate Bill 347 ([amended version](#)), designed to add enterprise-scale data centers to the industries that Kansas seeks to attract.

**lines are referenced to current amended bill, will need renumbered accordingly*

***added language is in **bold**, strike out language is ~~crossed-out~~*

Add to definitions, page 2:

1 (B) the qualified firm enters into a written agreement that provides
2 either party with legally enforceable remedies if the agreement is
3 breached.

4 **(6) “Data center equipment” means computer equipment or software purchased or leased for the processing, storage, retrieval, or communication of data, including the following: (A) servers, routers, connections, monitoring and security systems, and other enabling machinery, equipment, and hardware, regardless of whether the property is affixed to or incorporated into real property; (B) Equipment used in the operation of computer equipment or software or for the benefit of the qualified data center, including component parts, installations, refreshments, replacements, and upgrades, regardless of whether the property is affixed to or incorporated into real property; (C) All equipment necessary for the transformation, generation, distribution, or management of electricity that is required to operate computer server equipment, including substations, generators, uninterruptible energy equipment, supplies, conduit, fuel piping and storage, cabling, duct banks, switches, switchboards, batteries, testing equipment, and backup generators; (D) All equipment necessary to cool and maintain a controlled environment for the operation of the computer servers and other components of the data center, including chillers, mechanical equipment, refrigerant piping, fuel piping and storage, adiabatic and free cooling systems, cooling towers, water softeners, air handling units, indoor direct exchange units, fans, ducting, and filters; (E) All water conservation systems, including facilities or mechanisms that are designed to collect, conserve, and reuse water; (F) All computer server equipment, chassis, networking equipment, switches, racks, fiber optic and copper cabling, trays, and conduit; (G) All conduit, ducting, and fiber optic and copper cabling that may be located outside the data center, directly related to connecting one or more distributed qualified data center locations; (H) All monitoring equipment and security systems; (I) Modular data centers and preassembled components of any item described in this section, including components used in the manufacturing of modular data centers; (J) All software; (K) Other tangible and intangible personal property that is essential to the operations of a data center, excluding property used in the administration of the facility; and (L) All electricity used by qualified data center equipment, excluding electricity used in the administration of the facility.**

Amend Section 1, (10) (C), page 3:

2 (C) "Facility" means any factory, mill, plant, refinery, warehouse, building, **data center** or complex of buildings located within the state, including the land on which such facility is located and all machinery, equipment and other real and tangible personal property located at or within

such facility used in connection with the operation of such facility. "Building" means only structures within which individuals are customarily employed or that are customarily used to house machinery, equipment or other property.

Add to definitions, page 4:

8 (13) "Qualified data center" means one or more buildings that are rehabilitated or constructed to house a group of networked computer servers in one physical location in order to centralize the storage, management, and dissemination of data and information pertaining to a particular business, taxonomy, or body of knowledge.

Add industry on Page 4:

8 ~~(12)~~(13) (A) "Qualified firm" means a for-profit business
9 establishment, subject to state income, sales or property taxes, that is:
10 (i) Engaged in one or more of the following industries, as defined by
11 the secretary of commerce:
12 (a) Advanced manufacturing;
13 (b) aerospace;
14 (c) distribution, logistics and transportation;
15 (d) food and agriculture; ~~or~~
16 (e) professional and technical services; ~~or~~
17 **(f) data processing, storage and dissemination; or**

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19 (6) a sales tax exemption for data center equipment pursuant to section 11 and amendments thereto.

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14 New Sec. 11 (a) On and after the effective date of this act, a qualified firm or a qualified supplier that meets the requirements of section 2, and amendments thereto, and this section may be eligible for a sales tax exemption under the provisions of K.S.A. 79-3606(pppp), and amendments thereto.

(b) (1) Qualified firms shall be eligible commencing on the date the qualified firm commences construction of the qualified business facility, as determined by the secretary of commerce, or an earlier date if agreed by the secretary and incorporated into the agreement pursuant to section 2, and amendments thereto. (2) Qualified suppliers shall be eligible commencing on the date that the qualified firm selected the qualified supplier for benefit eligibility pursuant to section 2, and amendments thereto. (c) To be eligible to receive the sales tax exemption, the qualified firm or qualified supplier shall have been approved by and entered into an agreement with the secretary for a qualified investment in a qualified business facility including, with respect to a qualified firm, of at least \$1,000,000,000 pursuant to the requirements of sections section 2 and 3, and amendments thereto. The secretary of commerce shall provide notice to the secretary of revenue regarding an approval of a sales tax exemption under this section. The sales tax

exemption shall be valid for 30 years after the date of commencement. No sales tax exemption shall be issued by the secretary of revenue unless the qualified firm or the qualified supplier has been certified by the secretary of commerce, as provided in section 2, and amendments thereto, as meeting all requirements of this act, the rules and regulations of the secretary, if any, and the agreement executed pursuant to section 2, and amendments thereto. (d) A sales tax exemption shall be revoked by the secretary of revenue upon notification by the secretary of commerce that the qualified firm or qualified supplier has been disapproved by the secretary of commerce.

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17 (pppp) all sales of tangible personal property or services for the purpose of and in conjunction with constructing, reconstructing, enlarging, equipping or remodeling a qualified business facility by a qualified firm or qualified supplier that meets the requirements established in sections 2 and 11, and amendments thereto, and that has been approved for a project exemption certificate by the secretary of commerce, and the sale and installation of data center equipment purchased by such qualified firm or qualified supplier for installation at any such qualified business facility. When a person shall contract for the construction, reconstruction, enlargement or remodeling of any such qualified building business facility, such person shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials, machinery and equipment for incorporation in such project. The contractor shall furnish the number of such certificates to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project, the contractor shall furnish to the owner of the qualified firm or qualified supplier a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. Any contractor or any agent, employee or subcontractor thereof who shall use or otherwise dispose of any materials, machinery or equipment purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed thereon, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in K.S.A. 79-3615(h), and amendments thereto. As used in this subsection, "data center equipment," "qualified business facility," "qualified firm" and "qualified supplier" mean the same as defined in section 1, and amendments thereto.

AMENDMENT TO SENATOR ERICKSON FLOOR AMENDMENT FOR SB347

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New Sec. 15. The secretary of commerce shall not enter into any agreement with a qualified firm or supplier pursuant to section 2, and amendments thereto, on and after March 31, 2028.