



**Illinois**  
**Department of Commerce**

& Economic Opportunity

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OFFICE OF BUSINESS DEVELOPMENT

JB Pritzker, Governor

**Data Center Investment Program**  
**2021 Annual Report**



**Illinois**  
**Department of Commerce**  
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JB Pritzker, Governor

July 1, 2022

Governor JB Pritzker  
Members of the General Assembly  
Illinois State Capitol Building  
401 S. 2nd Street  
Springfield, IL 62701

Dear Governor Pritzker and Members of the General Assembly:

The following report fulfills the statutory directive that the Department of Commerce and Economic Opportunity (DCEO) provide the Governor and the Members of the General Assembly with an annual report on the Data Centers Investment Program (the "Program"). Public Act No. 101-31 created the Program, effective June 28, 2019. The Data Centers Program is a state economic development tool that aims to promote investment in Illinois through the award of tax exemption and credit certificates to qualifying data centers. As provided for in 20 ILCS 605/1025(e), I am submitting the second annual report summarizing the status of the Program.

Please feel free to contact the Department with any questions about this report.

Sincerely,

A handwritten signature in cursive script that reads "Sylvia I. Garcia".

Sylvia I. Garcia  
Director

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## 1. Introduction

The Data Center Investment Program (the “Program”) is one of the newest business incentives offered by the Illinois Department of Commerce & Economic Opportunity (the “Department”). This is the second annual report for the program, submitted pursuant to 20 ILCS 605/605-1025. Established by Public Act No. 101-31, as amended by Public Act Nos. 101-604 and 102-427, the Program is directed at attracting large-scale data centers through a variety of sales and use tax exemptions and provides for tax credits for projects located in underserved areas. The following report details the guidelines and performance of the Program since inception in mid-2019 through December 31, 2021.

## 2. Eligibility Requirements

The Data Center Program is intended to help Illinois compete with other states in the attraction and retention of large-scale data centers. Data center owners or operators interested in the Program may submit application materials for the Department’s review. The Department evaluates applications to verify eligibility, and eligible applicants are deemed “qualified data centers.” Upon approval of the application, the Department negotiates and enters into a memorandum of understanding (“MOU”) with the qualified data center after the applicant accepts the terms of the MOU. The MOU sets forth the terms and conditions under which the data center may receive sales and use tax exemption, and in some cases tax credits, for up to twenty (20) years.

In order to be designated as a qualifying data center, the applicant must meet numerous Program requirements established by statute:

1. The project must be located in Illinois;
2. Make at least a \$250 million in capital investment collectively between the data center owner/operator and any tenants;
  - a. For existing data centers, the capital investment must have been made within the 60-month period preceding January 1, 2020 or a 60-month period beginning before January 1, 2020; or
  - b. For new data centers, the capital investment must be made within a 60-month period to be agreed to between the Department and the data center owner/operator;
3. The project must result in at least 20 new full-time or full-time equivalent jobs associated with the operation or maintenance of the data center;
  - a. The jobs must have total compensation equal to or exceeding 120% of the average wage paid to full-time employees in the county where the data center is located;
4. Within two years of the project being placed in service, demonstrate that the data center is carbon neutral or attained one of the following green building standards:
  - a. BREEAM for New Construction or BREEAM for In-Use,
  - b. ENERGY STAR,
  - c. Envision,
  - d. ISO 50001 – energy management,
  - e. LEED for Building Design and Construction or LEED for Operations and Maintenance,
  - f. Green Globes for New Construction or Green Globes for Existing Buildings,
  - g. UL 3223, or
  - h. an equivalent program approved by the Department;



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5. The data center owner or operator must commit to requiring all contractors and subcontractors to comply with Section 30-22 of the Illinois Procurement Code as they apply to responsible bidders and present evidence to the Department of such compliance; and
6. The data center owner or operator must require its contractor to enter into a project labor agreement approved by the Department.

Qualifying data centers are entitled to an exemption from the Retailers' Occupation Tax Act, the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, all locally-imposed retailers' occupation taxes administered and collected by the Department of Revenue, and the Chicago non-titled Use Tax. In the event the project is in an underserved area, the data center owner or operator may also receive a credit equal to twenty percent (20%) of the wages paid to construction workers on the project. In order to attain the certificate of exemption and tax credit certificates, the data center owner or operator must enter into an MOU with the Department that contains at least the following:

- Details for determining the amount of the capital investment to be made;
- The number of new jobs to be created;
- The timeline for achieving the capital investment and job creation targets;
- The repayment obligations should these targets not be achieved and any conditions under which repayment by the data center or tenant claiming the exemption or credit will be required;
- The duration of the agreement; and
- Any other provisions the Department deems necessary.

The Department issues tax exemption certificates to qualifying data center owners and operators upon execution of the governing MOU. While the qualifying data center owners and operators may receive exemptions for up to twenty (20) years, tax exemptions certificates are issued in five (5) year increments and subject to renewal. This five-year renewal process follows the practice employed by the Department for issuance of exemption certificates under the Enterprise Zone and High Impact Business program also administered by the Department. Qualifying data centers located in underserved areas may also receive a tax credit certificate for twenty percent (20%) of construction wages paid following execution of the MOU and upon proof of payment.

To remain eligible, qualifying data centers must comply with certain reporting requirements. The data center must provide an agreed upon procedures (AUP) report from an independent accountant demonstrating the requisite investment has been made and the minimum number of new employees have been hired, as well as proof the subject project location is carbon neutral or attained an approved green building standard and continues to hold such designation. Qualifying data centers must also annually report the number of new full-time and full-time equivalent jobs created, the amount of investment made, the value of the tax benefits or exemptions received by the data center in the prior calendar year, and, for projects located in underserved areas, the estimated value of tax credits earned by the data center in the prior calendar year. The results of this annual reporting are found in this report.



### 3. Competitor State Tax Incentive Programs

There are approximately two dozen states that have some form data center incentives program. There are eleven (11) states that automatically do not assess property taxes on equipment and furniture, and nineteen (19) states offer some form of property tax abatements available to data centers via application during the corporate site location process. Many states offer aggressive economic development incentives to address their high sales tax costs which often provide revenue for local and state governments. The following table provides an overview of the programs offered by other states to attract and retain data center investment.

State	Incentives	Duration	Requirements
IL	Eligible for an exemption from a variety of state and local sales and use taxes as well as a credit based on construction wages for projects located in an underserved area	20 years, with renewable exemption certificates issued every 5 years	\$250 million in investment and 20 new jobs in operation or maintenance of the data center; carbon neutrality or other green building certification; and compliance with responsible bidder and project labor agreement requirements
AL	Eligible for a tax abatement of all state and local non-educational sales and use taxes associated with constructing and equipping a project for an extended time period contingent upon total capital investment in the project.	10 years for projects that invest up to \$200M in 10 year; 20 years for projects that invest over \$200M but less than \$400M in 20 years; and 30 years for projects that invest over \$200M within 10 years and exceed \$400M within 20 years.	No specific requirements noted.
AZ	Exemption from the Transaction Privilege Tax and Use Tax exemptions at the state, county, and local levels on qualifying data center purchases for an owner, operator or qualified co-location tenant of a data center.	Up to 10 years following the year certification of the data center is issued. If the data center qualifies as a Sustainable Redevelopment Project, the exemptions are available for up to 20 years.	If located in Maricopa or Pima County, capital investment of at least \$50M within 5 years; if located in another county, capital investment of at least \$25M within 5 years. In the case of an existing data center regardless of location, capital investment of at least \$250M made between September 1, 2007, and August 31, 2013.
AR	Data centers meeting job creation and capital investment requirements may negotiate sales and use tax exemptions and rebates, tax credits, and closing fund contributions.	No duration limits noted.	No specific requirements noted.



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State	Incentives	Duration	Requirements
FL	Property tax exemption for a data center owners and tenants.	No duration limits noted.	\$150M capital investment, critical IT load of 15 MW and a critical IT load of 1 MW or higher dedicated to each individual owner or tenant within the data center met within 5 years.
GA	Sales and use tax exemption on eligible expenses for co-located data centers and single-user data centers that invest \$100M to \$250M in a new facility. Sales and use tax exemption on certain computer equipment purchased by high-tech companies that invest a minimum of \$15M in qualifying equipment.	No duration limits noted.	Minimum required investment in the new facility is tied to the population of the county in which the data center locates.
ID	Potential sales tax exemption on server equipment as well as construction materials used in the construction of the data center facility.	No duration limits noted.	Create and maintain at least 30 new jobs in 2 years after beginning operations, paying an average wage at or above the county average and make a capital investment of at least \$250M within 5 years.
IN	Sales and use tax exemption on purchases of qualifying data center equipment and energy. Local governments may also provide personal property tax exemption on qualified enterprise technology equipment to owners of a data center who invest at least \$25M in real and personal property.	Not to exceed 25 years for data center investments of less than \$750M. If the investment exceeds \$750M, may award an exemption for up to 50 years.	Investment minimum.
IA	50 or 100 percent refund on sales and use tax for specific equipment.	No duration limits noted.	No specific requirements noted.
KY	Sales tax refund for computer equipment for data centers.	No duration limits noted.	Minimum investment of \$100M.
MI	Potential sales tax exemption for data center equipment.	No duration limits noted.	Operating in designated renaissance zones may gain both real and personal property tax exemptions.



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State	Incentives	Duration	Requirements
MD	Companies that meet requirements are eligible for up to 20 years of sales and use tax exemption.	10 or 20 years based on investment, subject to annual renewal.	Eligible for a 10-year exemption, if create at least 5 jobs within 3 years and make a minimum investment. In Tier 1 Areas, businesses must invest at least \$2M in qualified data center personal property; in all other areas of state, businesses must invest at least \$5M in data center personal property. If a business invests at least \$250M in qualified data center personal property, the benefit period extends to 20 years.
MN	Qualify for a sales tax exemption on specific equipment.	Up to 20 years.	At least 25,000 square feet and invest at least \$30M within 48 months. Additional tax incentives for center of at least 25,000 square feet and invest at least \$50M within 24 months.
MO	Exemption on state and local sales and use taxes for purchases of goods and materials used for expanding operations.	10 years or, for new facilities an exemption of 100% of the state and local sales and use taxes for a specified maximum amount for each year for 15 years applied to specific costs.	At least 5 new full time jobs with average wage at 150% of county average wage within 24 months and \$5M dollars in new investment within 12 months, or at least 10 new full time jobs with average wage at 150% of county average wage and \$25M dollars in new investment within 36 months for an existing facility.
MS	Sale and use tax exemption for all new and replacement computing equipment and software.	No duration limits noted.	Must invest at least \$20M and create at least 20 new jobs paying 125 percent of the average state wage.
MT	Property tax abatement of 75% or 50% of taxable value in the first 5 years after a construction permit is issued, with each year thereafter, percentage must increase by equal percentages until the full taxable value is attained in the 10th year.	10 years.	At least 25,000 square feet of new or expanded area, where the total cost of land, improvements, personal property, and software is at least \$50M invested during a 48-month period after January 1, 2019.
NE	Full refund of the sales tax paid for qualified capital purchases, the full sliding scale wage credit of 3%, 4%, 5%, or 6% depending on wage level, and a 10% investment tax credit.	No duration limits noted.	Tier 2 data centers valued at \$200M in new investment and 30 new full- time jobs



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State	Incentives	Duration	Requirements
NC	Sales and use tax exemptions for purchase of electricity and support equipment providing service or function.	No duration limits noted.	Investing \$75M within 5 years paying the county wage standard, certain business property purchased for an eligible data center in Tier 1 or 2 North Carolina counties for projects investing \$250M within 5 years focused on software publishing; and computer software.
ND	Sales tax exemption on IT equipment and computer software, including replacement equipment and software, purchased between January 1, 2015, and December 31, 2020.	Limited to the first four qualified data centers approved by the Tax Commissioner and 4 data centers have been awarded the incentive.	Must be a newly constructed or substantially refurbished facility of at least 16,000 square feet.
NV	Sales and use tax abatement reducing the rate to 2%.	10 or 20 years.	10 year abatements: requires within 5 years creation of 10 jobs paying 100% of the state average wage making \$25M in capital expenditures; and 20 year abatements: requires within 5 years creation of 50 jobs paying 100% of the state average wage making \$100M in capital expenditures. Data centers must maintain the business in Nevada for 10 years, and ensure that 50% or more of workers engaged in construction are Nevada residents.
NY	Exempts the payment of sales tax on the purchase or use of machinery, equipment, and certain other tangible personal property.	No duration limits noted.	Specific eligibility requirements for property, services, and contractors.
OH	Sales-tax exemption on purchase of eligible data center equipment; eligible for property tax abatements at local government level.	No duration limits noted.	\$100M investment and \$1.5M in payroll.



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State	Incentives	Duration	Requirements
OK	NAICS codes Numbers 5112 and 5415 may be eligible for a 5-year exemption from Ad Valorem Tax.	No duration limits noted.	At least 50% of annual gross revenues from sale of a product or service to an out of state customer, invest \$250,000 or more in construction, acquisition or expansion cost of the manufacturing facility and; have a net increase in annualized payroll of at least \$250,000 if located in a county with a population of fewer than 75,000, or at least \$ 1M if located in a county with a population of 75,000 or more. NAICS codes 5142 must meet qualifications: 80% of annual gross revenues from the sale of product or service to an out of state customer; invest \$7M dollars or more in capital improvements and; have a net increase in annualized payroll of at least \$250,000 if located in a county with a population of fewer than 75,000, or at least \$1M if located in a county with a population of 75,000 or more in the initial application year.
OR	Enterprise zone property tax abatement.	3-5 Years	Must be in "rural communities."
PA	\$5M tax refund on sales and use taxes for data center equipment.	No duration limits noted.	Equipment requirements.
SC	Exempt from some sales and use taxes.	No duration limits noted.	Invest at least \$50M (or a combined \$75M with one or more other companies) in real or personal property at a single facility over a 5- year period, create at least 25 new jobs within a 5- year period with an average wage that is at least 150% of the state or county per capita wage, whichever is lower, and maintain the 25 jobs for at least 3 years.



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State	Incentives	Duration	Requirements
TN	Sales tax exemption for certain hardware and software purchased	No duration limits noted.	A minimum capital investment of \$100M and 15 new full-time positions paying at least 150% of the state average occupational wage; investment must be made during a 3 year period but can be extended to 5 years for investments under \$1B or 7 years for investments exceeding \$1B with the state's permission.
TX	100% exemption on sales and use tax.	No duration limits noted.	100,000SF, \$200M in capital investment, 20 new jobs and an average salary at least 120% of the county average salary.
VA	Data center retail sales and use tax exemption (DCRSUT Exemption).	No duration limits noted.	\$150M investment creating 50 jobs paying 150% of average wage or 25 jobs in underserved markets.
WA	A retail-sales and use tax exemption for purchases and labor installation costs for eligible server equipment and power infrastructure.	No duration limits noted.	Eligible server equipment and power infrastructure requirements.
WV	Tangible personal property, including servers, directly used in a high-technology business or in an Internet advertising business, for property tax purposes at 5% of the original cost of the property, and eliminates the sales tax from all purchases of prewritten computer software, computers, computer hardware, servers, building materials and tangible personal property.	No duration limits noted.	Specific personal property and purchase requirements.



State	Incentives	Duration	Requirements
WY	\$2.25M max grant to reimburse accrued utility expenses for power or broadband over 3 years. Data Center Sales Tax Exemption.	No duration limits noted.	At least 125% of the grant amount in payroll and capital expenditure with the caveat that 50% of the match will be in payroll creation, and have a payroll must be greater than 150% of the county's median wage. Data Center Permit Exemption for a mega- data center project which exceeds \$178.3M in capital investment, would be exempt from the requirement of applying for an Industrial Siting Permit providing a cost savings of approximately \$500,000 associated with permit application preparation. \$5M investment in capital infrastructure in addition to a \$2M or larger investment in equipment.

#### 4. Data Center Program Summary

The Department received 15 applications for the Data Center Program from June 28, 2019, through December 31, 2021. Below is an overview of those 15 applications:

Program Metric Category	As of 12/31/2021
Applications Received	15
Applications Approved	13
Applications Withdrawn/Denied	0
Applications pending	2
Signed MOUs	13
Number of Exemption Certificates Issued	17
Number of Tax Credit Certificates Issued	0

The Department entered into full-executed MOUs and issued tax exemption certificates with the following thirteen (13) data center owners or operators as of December 31, 2021.

Company	Year	Location	Investment Commitment	Reported Investment as of 5/31/2022 <sup>1</sup>	Est. Value of Tax Benefits	No. of New Jobs	Under-served
Digital Realty Trust, LP	2020	Franklin Park	\$404,482,346	\$404,482,346	\$40,448,235	20	Y
STACK Infrastructure	2020	Elk Grove Village	\$250,000,000	\$198,719,006	\$25,000,000	20	N
NTT Global Data Centers	2020	Itasca	\$276,000,000	\$151,235,543	\$27,600,000	20	N
T5@Chicago II, LLC	2020	Elk Grove Village	\$250,000,000	\$83,000,000	\$25,000,000	20	N
Coresite, L.P.	2020	Chicago	\$250,000,000	\$120,120,909	\$25,000,000	20	N
Microsoft Corporation	2020	Elk Grove Village	\$250,000,000	\$103,129,931	\$25,200,000	20	N



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Company	Year	Location	Investment Commitment	Reported Investment as of 5/31/2022 <sup>1</sup>	Est. Value of Tax Benefits	No. of New Jobs	Under-served
Digital Realty Trust, LP	2021	Elk Grove Village	\$280,608,348	\$280,680,349	\$28,060,835	29	Y
Microsoft Corporation	2021	Northlake	\$388,134,927	\$388,134,927	\$38,813,493	20	N
Microsoft Corporation	2021	Hoffman Estates	\$275,000,000	\$19,556,333	\$27,500,000	20	N
Quality Technology Service (QTS)	2021	Chicago	\$250,000,000	\$542,693,301	\$25,000,000	20	N
Goldframe LLC	2021	DeKalb	\$800,000,000	\$685,802,566	\$80,000,000	50	N
SDC CHI I, LLC	2021	Elk Grove Village	\$250,000,000	\$187,675,933	\$25,000,000	20	Y
Aligned Data Centers	2021	Northlake	\$252,500,000	\$142,793,439	\$25,250,000	20	N
			<b><u>\$2,748,243,275</u></b>	<b><u>\$3,308,024,583</u></b>	<b><u>\$274,824,328</u></b>	<b><u>179</u></b>	

<sup>1</sup>The Capital Investment must be made within a 60-month period to be agreed to between the Department and the data center owner/operator.

The primary benefit available to qualifying data centers is the exemption from state and local sales and use taxes; however, Section (e)(3) of the Data Center Program enabling statute directs the Department to annually report on “the estimated value of the credits.” As tax credits are only available to projects located in underserved areas and section (h) refers to “tax benefits,” the Department has reported the estimated value of the “tax benefits.” In other words, the Department considers the estimated value reporting requirement to include both tax credits and exemptions. No claims for tax credits were made as of December 31, 2021. The above estimated values are based on the total value of the investment commitments made by the qualifying data centers. In the absence of historical performance which to draw, the Department estimates that the tax benefit value at ten percent (10%) of the total investment.

The thirteen (13) data centers that executed MOUs since June 28, 2019, and received exemption certificates reported 210 new jobs, 200 of which are associated with the operations and maintenance of those data centers. The data centers reported \$3,308,024,583 in capital investments and \$43,794,078 in estimated exemption value, or 1.32% of the total investment.