

HB 2198 -- Redline

Printer's No. 3694 to Printer's No. 2889 -- An Act amending the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, repealing provisions relating to Computer Data Center Equipment Incentive Program; and, in general provisions, providing for data centers.

Deletions ~~struck~~ · Insertions underlined

~~PRIOR~~ PRINTER'S NO.

2889 ~~PRINTER'S~~ THE NO-GENERAL ASSEMBLY OF PENNSYLVANIA HOUSE BILL Session of No.

36042198 THE 2026 GENERAL INTRODUCED ASSEMBLY BY OF VITALI, PENNSYLVANIA WAXMAN, HOUSE FREEMAN, BILL PROBST, SHUSTERMAN, HILL- MADSEN, FEBRUARY 4, 2026 OTTEN, RIVERA, HOWARD, DALEY AND REFERRED TO COMMITTEE ON FINANCE, FEBRUARY 5, 2026 AN ACT Amending the act of ~~No-~~March 4, 1971 (P.L.6, No.2), entitled "An act relating to tax reform and State taxation by codifying and enumerating certain subjects of taxation and imposing taxes thereon;

~~2108 2026 INTRODUCED BY VITALI, WAXMAN, FREEMAN, PROBST, SHUSTERMAN, HILL- EVANS, RABB, HOHENSTEIN, OTTEN, RIVERA, HOWARD, DALEY, CEPEDA-FREYTIJZ, DONAHUE, MULLINS, FRIEL, SCOTT, GILLEN, PIELLI, BOROWSKI, DEASY, PASHINSKI, McNEILL, ISAACSON, SAMUELSON, HADDOCK, SMITH-WADE-EL, BRIGGS, PUGH, VENKAT, GLEIM, GREEN, T.~~

~~DAVIS AND KAZEEM, FEBRUARY 4, 2026 AS AMENDED ON SECOND CONSIDERATION, HOUSE OF REPRESENTATIVES, JUNE 24, 2026 AN ACT Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An act relating to tax reform and State taxation by codifying and enumerating certain subjects of taxation and imposing taxes thereon; conferring powers and imposing duties upon the Department of Revenue, certain employers, fiduciaries, individuals, persons, corporations and penalties," other repealing entities; provisions relating to Computer Data Center Equipment Incentive Program.~~

~~prescribing crimes, offenses and penalties," repealing provisions relating to Computer Data PROVISIONS, PROVIDING FOR DATA CENTERS D, IN GENERAL <--~~ The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

(1) All equipment necessary for the transformation, generation, distribution or management of electricity that is required to operate computer servers or similar data storage equipment, including generators, uninterruptible energy supplies, conduit, gaseous fuel piping, cabling, duct banks, ~~20260HB2198PN3694 - 2 -~~ switches, switchboards, batteries and testing equipment.

(2) All equipment necessary to cool and maintain a controlled environment for the operation of the computer 20260HB2198PN2889 - 2 - servers or data storage systems and other components of the computer data center, including mechanical equipment, refrigerant piping, gaseous fuel piping, adiabatic and free cooling systems, cooling towers, water softeners, air handling units, indoor direct exchange units, fans, ducting and filters.

"New investment." Construction, expansion or build out of data center space at either a new or an existing computer data center on or after January 1, 2014, and the purchase and installation of computer data center equipment, except for items described under paragraph (4) of the definition of "computer ~~20260HB2198PN3694 - 3 -~~ data center equipment." "Owner or operator." Includes a single entity, multiple entities or affiliated entities.

20260HB2198PN2889 - 3 - "Proof of work crypto-asset mining." The process of performing computations to add a valid block of data to a blockchain, excluding computations required to validate individual transactions, typically in exchange for a reward or fee.

"Tax exemption." The tax exemption provided under Subarticle ~~20260HB2198PN3694 - 4 -~~ C.

20260HB2198PN2889 - 4 - "Telecommunications provider." A provider of telecommunications services as defined in 61 Pa.

(i) generate electricity for resale purposes to a power utility, except for sales incidental to the primary ~~20260HB2198PN3694 - 5 -~~ sale to computer data centers and which qualify under subparagraph (ii); or (ii) generate, provide or sell more than 5% of its 20260HB2198PN2889 - 5 - electricity outside of the computer data center.

(4) If the computer data center is to qualify under section 2915-D(2), an affirmation, signed by an authorized executive representing the owner or operator, that the computer data center has satisfied, or will satisfy, the ~~20260HB2198PN3694 - 6 -~~ certification requirements prescribed in section 2915-D(2).

20260HB2198PN2889 - 6 - Section 2913-D.

~~20260HB2198PN3694 - 7 -~~ Section 2915-D.

A computer data center must meet one of the following requirements, after taking into account the combined investments 20260HB2198PN2889 - 7 - made and annual compensation paid by the owner or operator of the computer data center or the qualified tenant:

(b) Records.--Until a computer data center satisfies the requirements prescribed in section 2915-D, the owner, operator and qualified tenants shall maintain detailed records of all investments created by the

computer data center, including costs ~~20260HB2198PN3694 - 8 -~~ of buildings and computer data center equipment, and all tax refunds directly received by the owner, operator or qualified tenant.

20260HB2198PN2889 - 8 - Section 2917-D.

The department may disclose the name ~~20260HB2198PN3694 - 9 -~~ of a computer data center that has been certified under this article.

20260HB2198PN2889 - 9 - An owner or operator of a computer data center shall provide, to the extent permissible under Federal law, the department with a list of qualified tenants, including the commencement and expiration dates of each qualified tenant's agreement to use or occupy part of the computer data center.

(b) Allocation.--If the total amount of tax refunds approved for all applicants exceeds the limitation on the amount of tax refunds in subsection (a) in a fiscal year, the tax refund to be ~~20260HB2198PN3694 - 10 -~~ received by each applicant shall be determined as follows:

by 20260HB2198PN2889 - 10 - (ii) the total of all tax refunds approved for all applicants.

(2) A qualified tenant of a computer data center ~~20260HB2198PN3694 - 11 -~~ certified under this subarticle.

(b) Applicability.--A tax exemption approved under this subarticle shall apply during the qualification period as 20260HB2198PN2889 - 11 - provided under section 2942-D.

~~20260HB2198PN3694 - 12 -~~ (2) With respect to a qualified tenant of the owner or operator of a computer data center certified under this article, a period of time beginning on the date that the 20260HB2198PN2889 - 12 - qualified tenant enters into an agreement concerning the use or occupancy of the computer data center and expiring at the earlier of the expiration of the term of the agreement or the end of the 10th full calendar year following the calendar year in which the qualified tenant enters into the agreement.

~~20260HB2198PN3694 - 13 -~~ (d) Compliance in tax laws.--No owner or operator or qualified tenant may receive a certification under this subarticle unless that owner or operator or qualified tenant is, 20260HB2198PN2889 - 13 - in full compliance with all State tax laws.

(c) Aggregation.--An owner or operator may aggregate one or more parcels, buildings or condominiums in a facility into a single computer data center for certification under this ~~20260HB2198PN3694 - 14 -~~ subarticle if, in the aggregate, the parcels, buildings and condominiums meet the requirements prescribed in section 2935-D.

20260HB2198PN2889 - 14 - (a) General rule.--In order to be certified under this subarticle, an owner or operator of a computer data center must meet all of the following requirements:

The certification shall not be revoked, except as provided under section 2917-D, and shall remain in effect for ~~20260HB2198PN3694 - 15 -~~ the remainder of the qualification period, as defined in section 2931-D(d).

(c) Limitation.--The department may not certify any computer 20260HB2198PN2889 - 15 - data center under this subarticle after December 31, 2032.

(a) Revocation.--If the department determines that the requirements of section 2935-D have not been satisfied, the department may revoke the certification of a computer data ~~20260HB2198PN3694 - 16 -~~ center.

Appeals filed under this 20260HB2198PN2889 - 16 - section shall be governed by Article II.

~~20260HB2198PN3694 - 17 -~~ Proprietary business information contained in the application form described under section 2932-D and the written notice described under section 2936-D, as well as information 20260HB2198PN2889 - 17 - concerning the identity of a qualified tenant, shall be confidential and may not be disclosed to the public.

(1) The owner or operator or qualified tenant of a certified computer data center eligible for a sales and use tax certificate of exemption shall comply with all reporting, ~~20260HB2198PN3694 - 18 -~~ filing and compliance requirements under this act.

(2) No owner or operator or qualified tenant may receive a sales and use tax certificate of exemption under this 20260HB2198PN2889 - 18 - subarticle unless that owner or operator or qualified tenant is in full compliance with all State tax laws.

(c) Exempt purchases.--The owner or operator or qualified tenant of a certified computer data center shall prepare and deliver a properly executed sales and use tax certificate of exemption to a vendor from which the owner or operator or qualified tenant purchases exempt computer data center equipment.]
~~SECTION~~Section 2.

~~THE~~This ACTact ISshall AMENDEDtake BYeffect ADDINGin A60 SECTIONdays. TO READ:

~~20260HB2198PN2889 SECTION- 3003-26-19 -~~

~~DATA CENTERS. (A) UNLESS CERTIFIED UNDER ARTICLE XXIX-D PRIOR TO FEBRUARY 3, 2026, A COMPUTER DATA CENTER SHALL NOT BE ELIGIBLE FOR TAX BENEFITS UNDER ARTICLE XVII-C OR XIX-B OR THE ACT OF OCTOBER 6, 1998 (P.L. 705, NO. 92), KNOWN AS THE KEYSTONE OPPORTUNITY ZONE, KEYSTONE OPPORTUNITY EXPANSION ZONE AND KEYSTONE OPPORTUNITY IMPROVEMENT ZONE ACT.~~

~~(B) AS USED IN THIS SECTION, THE FOLLOWING WORDS AND PHRASES SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SUBSECTION UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE:~~

~~"COMPUTER DATA CENTER." ALL OR PART OF A FACILITY THAT MAY BE COMPOSED OF ONE OR MORE BUSINESSES, OWNERS OR TENANTS, THAT IS OR WILL BE PREDOMINANTLY USED TO HOUSE WORKING SERVERS OR SIMILAR DATA STORAGE SYSTEMS AND THAT MAY HAVE UNINTERRUPTIBLE 20260HB2108PN3694 - 19 - ENERGY SUPPLY OR GENERATOR BACKUP POWER, OR BOTH, COOLING SYSTEMS, TOWERS AND OTHER TEMPERATURE CONTROL INFRASTRUCTURE.~~

~~Section 2 3.~~

~~This act shall take effect in 60 days <- IMMEDIATELY.~~

~~<- 20260HB2108PN3694 - 20 -~~