

- 1 2. For development tier two or three areas, that at least
2 three hundred million dollars (\$300,000,000) in private
3 funds has been or will be invested in improvements to
4 real property or installed datacenter machinery and
5 equipment, or a combination of both, within five years
6 after commencement of construction of the facility."

7 **SECTION 2.** G.S. 105-164.13 is amended by adding a new subdivision to
8 read:

9 "(56) Sales of machinery and equipment to be located and used at an eligible
10 datacenter. If the level of investment required by G.S. 105-164.3(8f)c.
11 is not timely made, then the exemption provided under this subdivision
12 is forfeited. If the level of investment required by G.S. 105-164.3(8f)c.
13 is timely made but any machinery and equipment is not located and
14 used at an eligible datacenter, then the exemption provided for such
15 machinery and equipment under this subdivision is forfeited. A
16 taxpayer that forfeits an exemption under this subdivision is liable for
17 all past taxes avoided as a result of the forfeited exemption, computed
18 from the date the taxes would have been due if the exemption had not
19 been allowed, plus interest at the rate established under
20 G.S. 105-241.1(i). If the forfeiture is triggered due to the lack of a
21 timely investment required by G.S. 105-164.3(8f)c., then interest is
22 computed from the date the taxes would have been due if the
23 exemption had not been allowed. For all other forfeitures, interest is
24 computed from the time as of which the machinery or equipment was
25 put to a disqualifying use. The past taxes and interest are due 30 days
26 after the date the exemption is forfeited. A taxpayer that fails to pay
27 the past taxes and interest by the due date is subject to the provisions
28 of G.S. 105-236."

29 **SECTION 3.** Article 5F of Chapter 105 of the General Statutes is amended
30 by adding a section to read:

31 "§ 105-187.51C. Tax imposed on datacenter machinery and equipment.

32 (a) Tax. – A privilege tax is imposed on an eligible datacenter that purchases
33 machinery or equipment to be located and used at the datacenter.

34 (b) Rate. – The tax is one percent (1%) of the sales price of the equipment and
35 machinery to be located and used at the datacenter. The maximum tax is eighty dollars
36 (\$80.00) per article."

37 **SECTION 4.** Section 2 of this act becomes effective July 1, 2007, and
38 applies to sales made on or after that date. Section 3 of this act becomes effective July
39 1, 2007. The remainder of this act is effective when it becomes law.