

1 accommodate potential datacenters; and electricity rates paid by
2 non-datacenter customers due to datacenter growth in the State.

3 (2) In collaboration with the Department of Environmental Quality, potential
4 impacts to: the water supplies of the State; demands on wastewater treatment
5 facilities; and air quality and noise in areas within a 3-mile radius of
6 datacenters.

7 (3) In collaboration with the League of Municipalities and the Association of
8 County Commissioners, potential impacts to property values within a 3-mile
9 radius of a proposed datacenter.

10 (4) Any other pertinent matters as determined by the Collaboratory.

11 **SECTION 1.(d)** Report. – No later than December 1, 2027, the Collaboratory shall
12 report its findings, together with any proposed legislation, to the Environmental Review
13 Commission, the Joint Legislative Commission on Energy Policy, and the Joint Legislative
14 Oversight Committee on Agriculture and Natural and Economic Resources.

15 **SECTION 1.(e)** The sum of two hundred thousand dollars (\$200,000) in
16 nonrecurring funds for the 2026-2027 fiscal year is appropriated from the General Fund to the
17 Collaboratory to conduct the study required pursuant to subsection (c) of this section.

18 **SECTION 2.(a)** Article 5 of Chapter 105 of the General Statutes is amended by
19 adding a new section to read:

20 "**§ 105-164.13G. Exemption for datacenters.**

21 (a) Definition. – For purposes of this section, a datacenter means an eligible internet
22 datacenter or a qualifying datacenter as defined in G.S. 105-164.3.

23 (b) Exemption. – A datacenter that purchases an item exempt from sales tax under
24 G.S. 105-164.13 must obtain an exemption certificate from the Department to receive the
25 exemption. An exemption certificate issued under this section is valid for the taxable year in
26 which the certificate is issued and must be renewed annually. In order to receive an exemption
27 certificate under this section, an eligible datacenter or a qualifying datacenter must submit to the
28 Secretary the information listed in subsection (d) of this section for the prior taxable year.

29 (c) Conditional Exemption. – A datacenter that has not commenced construction may
30 apply to the Department for a conditional exemption certificate. A datacenter with a conditional
31 exemption certificate is allowed to purchase items exempt from sales and use tax to the same
32 extent as a datacenter with an exemption certificate under subsection (b) of this section. A
33 conditional exemption certificate issued under this subsection is valid for the taxable year in
34 which the certificate is issued. Within 90 days following the end of the taxable year, a datacenter
35 must submit all of the information listed in subsection (d) of this section for the taxable year
36 covered by the conditional exemption certificate. A datacenter that fails to meet the requirements
37 of this subsection becomes liable for any taxes for which an exemption under this subsection was
38 claimed. The taxes become due and payable at the expiration of the conditional exemption
39 certificate, and interest accrues from the date of the original purchase.

40 (d) Documentation Required. – Except as otherwise provided in subsection (c) of this
41 section, a datacenter must provide the following information to the Secretary to receive an
42 exemption certificate under this section:

43 (1) Facility ownership and location, including the county in which it is located.

44 (2) Local benefits provided by the datacenter to the jurisdiction in which the
45 datacenter is located, including tax paid on both real and personal property or
46 donations of land.

47 (3) Local incentives provided to the datacenter by the jurisdiction in which the
48 datacenter is located, including property tax relief, grants, or other incentives.

49 (4) Employee information, including the number of full-time and part-time
50 employees, and the average wage.

- 1 (5) Start-up expenditures grouped by expense type for the datacenter, including
2 all costs of construction. This information needs to be provided to the
3 Department only once upon completion of construction.
- 4 (6) Itemized expenditures for all of the following:
- 5 a. IT and networking-related expenses, including servers and other
6 computer equipment, as well as computer software purchased.
- 7 b. Power infrastructure, including transformers, generators, etc.
- 8 c. Cooling infrastructure.
- 9 d. Utilities, including water, sewer, and electricity.
- 10 e. Service contracts and repair, maintenance, and installation services.
- 11 f. Equipment not otherwise specified by sub-subdivisions a. through c.
12 of this subdivision."

13 **SECTION 2.(b)** No later than December 1, 2026, each datacenter sited or under
14 construction in the State as of the effective date of this act shall provide to the Department of
15 Revenue and the Department of Commerce the information listed in G.S. 105-164.13G(d), as
16 enacted by this section and notwithstanding its effective date, for the five most recent taxable
17 years the datacenter has claimed an exemption under G.S. 105-164.13. The Department of
18 Commerce shall aggregate the data received under this subsection and estimate the amount of
19 lost revenue to the State due to the exemptions from sales and use taxes for datacenters under
20 G.S. 105-164.13 for the five most recent taxable years and submit an annual report by March 1
21 of each year to the chairs of the House and Senate Finance Committees.

22 **SECTION 2.(c)** Subsection (a) of this section becomes effective July 1, 2027, and
23 applies to purchases occurring on or after that date. The remainder of this section is effective
24 when it becomes law.

25 **SECTION 3.** Except as otherwise provided, this act is effective when it becomes
26 law.