

Excise Tax Advisory

Excise Tax Advisories are interpretive statements authorized by RCW 34.05.230.

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Data Center Exemption Duration

Introduction

RCW 82.08.986 and 82.12.986 (“data center statutes”) provide a retail sales and use tax exemption, respectively, on the purchase and installation of server equipment and power infrastructure in a qualifying computer data center. This is commonly known as the “data center exemption.”

How long the data center exemption lasts (the “duration”) for a taxpayer depends on the following considerations: when construction commenced; the type of equipment involved; and who owns the equipment. This Excise Tax Advisory (ETA) provides the various durations and expirations of the data center exemption in light of these considerations, which are stated in the table at the end of the ETA.

Duration Considerations

The data center statutes, originally adopted in 2010, have been amended multiple times since adoption. Each amendment renewed and/or extended the expiration date of the data center exemption.

The duration of the data center exemption is affected by several factors:

- *Commencement of Construction*
 The duration of the exemption is affected by the date on which the construction of the data center began. The data center statutes provide three specific windows during which construction can start as follows:

Window	Construction began	
	After	And Before
1	March 31, 2010	July 1, 2011
2	March 31, 2012	July 1, 2015
3	June 30, 2015	July 1, 2025

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- Equipment type*
The data center exemption provides an exemption with respect to the purchase and installation of server equipment and power infrastructure.

The duration of the exemption is affected by whether a taxpayer has purchased and installed server equipment or power infrastructure, and the expiration dates may differ between these two types of equipment. Moreover, the duration of the exemption for server equipment may further be affected by whether the equipment is original or replacement server equipment.
- Ownership*
The data center exemption provides an exemption for server equipment to qualifying owners and qualifying tenants. The duration of the exemption is affected, in some circumstances, if the purchaser is the *owner* of the data center or a *tenant*.

The table below describes how the duration of the exemption is affected by these considerations.

**Exemption
Expiration Dates**

The table below details the expiration date for each type of exemption in the data center statutes. Exemption certificates expire two years after the date of issuance, unless construction has commenced.

Data center construction began in:	Qualifying owner	Qualifying owner	Qualifying tenant	Qualifying tenant	Qualifying owner or tenant
	Original server equipment	Replacement server equipment	Original server equipment	Replacement server equipment	Original power infrastructure
Window 1	Jan. 1, 2026	Apr. 1, 2018	Jan. 1, 2026	Apr. 1, 2024	Jan. 1, 2026
Window 2	Jan. 1, 2026	Apr. 1, 2024	Jan. 1, 2026	Apr. 1, 2024	Jan. 1, 2026
Window 3¹	12 years from date of cert. of occupancy	12 years from date of cert. of occupancy	Jan. 1, 2026	12 years from date of cert. of occupancy	Jan. 1, 2026

¹ RCW 82.08.986(2)(c), limits the total number of eligible data centers for the Window 3 time period to 12. Eight of the 12 slots are available before July 1, 2019. Any of the eight slots remaining unused after June 30, 2019, will be in addition to the four Window 3 data center slots that are available beginning July 1, 2019.