

1 combination of both, within five years after
2 commencement of construction of the facility.

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

9 **SECTION 2.** G.S. 105-164.13 is amended by adding a new subdivision to

10 read:

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

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

33 "**§ 105-187.51C. Tax imposed on datacenter machinery and equipment.**

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

36 (b) Rate. – The tax is one percent (1%) of the sales price of the equipment and
37 machinery to be located and used at the datacenter. The maximum tax is eighty dollars
38 (\$80.00) per article."

39 **SECTION 4.** Section 2 of this act becomes effective July 1, 2007, and
40 applies to sales made on or after that date. Section 3 of this act becomes effective July
41 1, 2007. The remainder of this act is effective when it becomes law.