

By: Cook

S.B. No. 2888

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the temporary sales and use tax exemptions for certain
3 tangible personal property related to data centers and large data
4 center projects.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Section 151.359(d), Tax Code, is amended to read
7 as follows:

8 (d) Subject to Subsection (k), a data center may be
9 certified by the comptroller as a qualifying data center for
10 purposes of this section if, on or after September 1, 2013:

11 (1) a single qualifying occupant:

12 (A) contracts with a qualifying owner or
13 qualifying operator to lease space in which the qualifying occupant
14 will locate a data center; or

15 (B) occupies a space that was not previously used
16 as a data center in which the qualifying occupant will locate a data
17 center, in the case of a qualifying occupant who is also the
18 qualifying operator and the qualifying owner; ~~and~~

19 (2) the qualifying owner, qualifying operator, or
20 qualifying occupant, jointly or independently:

21 (A) creates at least 20 qualifying jobs in the
22 county in which the data center is located, not including jobs moved
23 from one county in this state to another county in this state; and

24 (B) makes or agrees to make a capital investment,

1 on or after September 1, 2013, of at least \$200 million in that
2 particular data center over a five-year period beginning on the
3 date the data center is certified by the comptroller as a qualifying
4 data center; and

5 (3) the data center described by Subdivision (1)
6 includes the following energy conservation and efficiency
7 measures:

8 (A) use of a liquid cooling system instead of an
9 air cooling system;

10 (B) use of a row- or rack-based air cooling
11 system instead of a room-based air cooling system; and

12 (C) use of Energy Star-certified servers.

13 SECTION 2. Section 151.3595(d), Tax Code, is amended to
14 read as follows:

15 (d) Subject to Subsection (j), a large data center project
16 may be certified by the comptroller as a qualifying large data
17 center project for purposes of this section if, on or after June 1,
18 2015:

19 (1) a single qualifying occupant:

20 (A) contracts with a qualifying owner or
21 qualifying operator to lease space in which the qualifying occupant
22 will locate a large data center project; or

23 (B) occupies a space that was not previously used
24 as a data center in which the qualifying occupant will locate a
25 large data center project, in the case of a qualifying occupant who
26 is also the qualifying operator and the qualifying owner; ~~and~~

27 (2) the qualifying owner, qualifying operator, or

1 qualifying occupant, independently or jointly:

2 (A) creates at least 40 qualifying jobs in the
3 county in which the large data center project is located, not
4 including jobs moved from one county in this state to another county
5 in this state;

6 (B) on or after May 1, 2015, makes or agrees to
7 make a capital investment of at least \$500 million in that
8 particular large data center project, the amount of which may not
9 include a capital investment to replace personal property
10 previously placed in service in that large data center project,
11 over a five-year period beginning on the earlier of:

12 (i) the date the large data center project
13 submits the application described by Subsection (e); or

14 (ii) the date the large data center project
15 is certified by the comptroller as a qualifying large data center
16 project; and

17 (C) agrees to contract for at least 20 megawatts
18 of transmission capacity for operation of the large data center
19 project; and

20 (3) the large data center project includes the
21 following energy conservation and efficiency measures:

22 (A) use of a liquid cooling system instead of an
23 air cooling system;

24 (B) use of a row- or rack-based air cooling
25 system instead of a room-based air cooling system; and

26 (C) use of Energy Star-certified servers.

27 SECTION 3. (a) Section 151.359(d), Tax Code, as amended by

1 this Act, applies only to the certification of a data center as a
2 qualifying data center for purposes of Section 151.359, Tax Code,
3 as amended by this Act, on or after September 1, 2026.

4 (b) Section 151.3595(d), Tax Code, as amended by this Act,
5 applies only to the certification of a large data center project as
6 a qualifying large data center project for purposes of Section
7 151.3595, Tax Code, as amended by this Act, on or after September 1,
8 2026.

9 SECTION 4. This Act takes effect September 1, 2025.