

Fiscal Note

BILL # SB 1274

TITLE: computer data centers; TPT; refund

SPONSOR: Mesnard

STATUS: As Amended by Senate FIN

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Description

The bill, as amended by the Senate Finance Committee, requires that a certified Computer Data Center (CDC) that files a claim for a Transaction Privilege Tax (TPT) or Use Tax refund after December 31, 2021 is submitted to the Department of Revenue (DOR) using the standard tax refund process.

Estimated Impact

We do not expect the bill to have any General Fund impact.

Analysis

Under current law, computer data center equipment that is purchased and installed at a certified CDC in Arizona is exempt from retail TPT and Use Tax. There is also prime contracting TPT exemption for the installation, assembly, repair or maintenance of such equipment. Laws 2021, Chapter 266, which established the prime contracting TPT exemption, also included a provision that allowed a CDC to file a claim for a refund related to that exemption. Chapter 266 required that the refund claim be filed between January 1, 2021 and December 31, 2021 and the amount of the refund was capped at \$10,000 statewide.

Under current law, a TPT refund can only be claimed by the vendor that reported and remitted the tax. Moreover, the TPT refund claim must be filed within the 4-year statute of limitation provided by A.R.S. § 42-1104. This is the standard TPT refund process that applies to all vendors, including those vendors that sell computer data center equipment to CDCs and assemble, install, repair, or maintain such equipment for the CDC. According to DOR, the bill would not alter this process but merely provide that it be specifically codified in statute for CDCs related to refund claims filed after December 31, 2021. For this reason, the bill would not have any fiscal impact.

Local Government Impact

The bill is not expected to have any local government impact

2/10/23

