

Data centers - sales and use tax exemption eligibility

A retail sales and use tax exemption is available for qualifying businesses and tenants that operate data centers. The exemption includes purchases of eligible server equipment and power infrastructure, and labor and services for installing such eligible power infrastructure.

Who is eligible for the exemption?

A "qualifying business" means a business entity whose primary purpose of engaging in commercial activity for profit and is the owner of an eligible computer data center.

A qualifying tenant, meaning a business entity whose primary purpose of engaging in commercial activity for profit and leases space from a qualifying business within an eligible computer data center.

Qualifying businesses and tenants **do not** include:

- State or federal governments or any of their departments, agencies, and institutions.
- Tribal governments.
- Political subdivisions of Washington.
- Any municipal, quasi-municipal, public, or other corporation created by the state or federal government, tribal government, municipality, or political subdivision of the state.

Do nonprofit organizations qualify?

No. Nonprofit organizations do not engage in business for profit so they do not qualify for the exemption.

For more information on data centers and exemptions, please visit our tax incentives page.

References

RCW 82.08.986 - Exemptions—Eligible server equipment—Eligible power infrastructure—Computer data centers.

RCW 82.12.986 – Exemptions – Eligible server equipment – Eligible power infrastructure – Computer data centers.



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