



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: SB0540.02 (001): Revise taxation of class 17 property

Primary Sponsor: Becky Beard Status: As Amended in Senate Committee

☐ Included in the Executive Budget ☐ Needs to be included in HB 2 ☐ Significant Local Gov Impact  
☐ Significant Long-Term Impacts ☐ Technical Concerns ☐ Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
<b>Expenditures</b>				
General Fund (01)	\$0	\$0	\$0	\$0
<b>Revenues</b>				
General Fund (01)	\$0	\$0	\$0	\$0
<b>Net Impact</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>General Fund Balance</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

### Description of fiscal impact

SB 540, as amended in the Senate Taxation Committee, extends the construction eligibility window of property qualifying as class 17 property. It also clarifies which class 17 property is locally and centrally assessed. The changes add facility reporting reequipments and do not affect the classification or taxation of any existing property in the state. There is no anticipated HJ 2 growth of class 17 property in the forecast period.

### FISCAL ANALYSIS

#### Assumptions

#### Department of Revenue

1. Under current law, class 17 property includes qualified data centers and dedicated communications infrastructure. Qualified data centers are locally assessed and dedicated communications infrastructure is centrally assessed. Dedicated communications infrastructure must commence construction before July 1, 2027 to qualify as class 17 property and is reclassified to class 13 property after 15 years. The tax rate is 0.90%.
2. SB 540 extends the construction commencement date for dedicated communications infrastructure to before July 1, 2037.
3. The bill also clarifies that dedicated communications infrastructure that is located in only one county is locally assessed. If the property extends to a contiguous county or state, it will be centrally assessed. Currently, any dedicated communications infrastructure would be centrally assessed but none exists.
4. The amendment adds a requirement that data center owners report installed costs of class 17 property to the department.
5. There is no expected increase in class 17 property over the forecast period, so there is no fiscal impact from this bill.

NO SPONSOR SIGNATURE

4/3

Sponsor's Initials

Date



Budget Director's Initials

4/3/2025

Date