
Sales and Use Tax Exemption for Qualified Data Centers Fact Sheet 2114

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This fact sheet provides information about the sales and use tax exemption for qualified data centers. It describes what is exempt and how to claim the exemption.

Overview

[2023 Wis. Act 19](#) created a sales and use tax exemption for the sale of certain property for qualified data centers that are certified by the Wisconsin Economic Development Corporation (WEDC).

The exemption is not applicable until WEDC provides a certification date for the qualified data center. Purchases made prior to the certification date do not qualify for the exemption. For example, if a qualified data center's certification date is June 1, 2024, purchases made on or after June 1, 2024, may be eligible for the exemption.

Certification by WEDC

Upon application, WEDC may certify a qualified data center if it meets all of the following:

1. The qualified data center is one or more buildings or an array of connected buildings owned, leased, or operated by the same business entity, as defined in s. 13.62 (5), or its affiliate.
2. The buildings are rehabilitated or constructed to house a group of networked server computers in one physical location or multiple locations in order to centralize the processing, storage, management, retrieval, communication, or dissemination of data and information.
3. The buildings create a minimum qualified investment in Wisconsin within 5 years after the certification date by WEDC. A "minimum qualified investment" means eligible data center costs of one of the following amounts:
 - \$150,000,000 for buildings in a county having a population greater than 100,000.
 - \$100,000,000 for buildings in a county having a population of 50,001 to 100,000.
 - \$50,000,000 for buildings in a county having a population of not more than 50,000.
 - For buildings located in more than one county, the minimum qualified investment is the amount provided above for the most populous county in which the buildings are located.

WEDC's certification of a qualified data center must include a description of the geographic location(s) of the buildings, a description of the building(s), the certification date, and the identification of the business entity.

Additional information about the application and certification process is on WEDC's website on the [Data Center Sales and Use Tax Exemption](#) page.

For a list of qualified data centers certified by WEDC, visit the department's [Exemption for Qualified Data Center](#) common questions.

What is Exempt?

Beginning on or after WEDC's certification date, the sales price from the sale of and the storage, use, or other consumption of the following items are exempt from Wisconsin sales and use taxes (sec. 77.54(70), Wis. Stats):

- Tangible personal property, regardless of whether the property is affixed to or incorporated into real property, and property under s. 77.52 (1) (c), used exclusively for the development, construction, renovation, expansion, replacement, repair, or operation of a qualified data center, and used solely at the qualified data center, including:
 - computer server equipment and the chassis for such equipment;
 - networking equipment;
 - switches;
 - racks;
 - fiber-optic cabling, copper cabling, and other cabling, including cabling used to connect one or more qualified data centers;
 - trays;
 - conduit;
 - substations;
 - uninterruptible energy equipment;
 - supplies;
 - fuel piping and storage;
 - duct banks;
 - switches;
 - switchboards;
 - batteries;
 - testing equipment;
 - backup generation equipment;
 - modular data centers and preassembled components;
 - monitoring equipment;
 - security systems; and
 - electricity.
- Tangible personal property or property under s. 77.52 (1) (c) used in the development, construction, renovation, expansion, replacement, or repair of a water cooling or conservation system used exclusively to cool or conserve water for one or more qualified data centers, including:
 - chillers;
 - mechanical equipment;
 - refrigerant piping;
 - fuel piping and storage;
 - adiabatic and free cooling systems;
 - cooling towers;
 - water softeners;
 - air handling units;
 - indoor direct exchange units;
 - fans;
 - ducting; and
 - filters.
- Tangible personal property or property under s. 77.52 (1) (c) sold to a construction contractor that, in fulfillment of a real property construction activity, transfers the tangible personal property or property under s. 77.52 (1) (c) to a qualified data center, if such tangible personal property or property under s. 77.52 (1) (c) becomes a component of the qualified data center.

How to Claim the Exemption?

Businesses and contractors do not need pre-approval from the Wisconsin Department of Revenue to claim the exemption.

Businesses and contractors purchasing building materials, equipment and other property eligible for the exemption must provide their supplier with one of the following fully completed Wisconsin Sales and Use Tax Exemption Certificates:

- [Form S-211](#): Check the box for "other exemptions provided by law" and enter "qualified data center [enter name of qualified data center]."
- [S-211E](#): Check the box for "Qualified Data Center – [name of qualified data center]."

If the property purchased exempt is later used in a taxable manner, the contractor is liable for use tax on the purchase price of those items.

Documentation to Maintain

Retailers

- The retailer is not liable for Wisconsin sales tax on its sales of taxable products if, within 90 days of the sale, it receives a fully completed exemption certificate from the purchaser as described above.
- Retailers must keep copies of exemption certificates obtained from purchasers to prove that a sale is exempt.

Contractors & Subcontractors

- Contractors must keep adequate records to prove that their purchases qualify for exemption. Such records may include contracts, purchase invoices, and sales receipts showing the property was transferred to and became a component of a qualified data center.
- If a contractor later uses property purchased exempt in a taxable manner, the contractor is liable for use tax on the purchase price of those items.

Data Centers

- Qualified data centers must retain the WEDC contract.
- If a qualified data center's certification is revoked, purchases for the data center are no longer exempt. The data center should notify its suppliers and contractors.

Examples

Example 1: New Data Center Construction

Company X is constructing a new qualified data center building in Green Bay. They received WEDC certification. For this project, Company X purchases server racks, cooling towers, uninterruptible power supplies (UPS), and fiber optic cabling from various suppliers. These items are used exclusively for the qualified data center building.

Additionally, Company X purchases office furniture, decorations, and building maintenance equipment (e.g., vacuum cleaners and floor buffers) for the administrative and common areas within the qualified data center building.

Company X may purchase these items exempt by providing its suppliers with a fully completed exemption certificate (Form S-211 or S-211E).

Example 2: Expansion of Existing Facility

Company Z operates a qualified data center in Appleton and has decided to expand by constructing an additional server building on the site. They contract with Contractor Y to build the additional server building. Contractor Y purchases modular data center components, new chillers for the cooling system, and backup generators specifically for incorporation into the new building. Contractor Y may purchase these items exempt by providing their supplier with a fully completed exemption certificate (Form S-211 or S-211E).

Additionally, Contractor Y purchases construction equipment, such as scaffolding and lift equipment, for their own use during the project and other construction projects not related to the qualified data center. Since the equipment is not used exclusively for the qualified data center, the purchases do not qualify for the exemption and are taxable.

Questions?

- Visit revenue.wi.gov
- Email DORSalesandUse@wisconsin.gov
- Call our Customer Service Bureau at (608) 266-2776

Applicable Laws and Rules

This document provides statements or interpretations of ch. 77 and 238, [Wis. Stats.](#), enacted as of July 31, 2024.

Laws enacted and in effect after this date, new administrative rules, and court decisions may change the interpretations in this document. Guidance issued prior to this date, that is contrary to the information in this document is superseded by this document, according to sec. 73.16(2)(a), Wis. Stats.

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