

# SB1239



## 103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB1239

Introduced 2/2/2023, by Sen. Sue Rezin

### SYNOPSIS AS INTRODUCED:

20 ILCS 605/605-1025

Amends the Civil Administrative Code of Illinois. Defines "cryptocurrency" and "cryptocurrency mining". Changes the definition of "qualifying Illinois data center" to include data centers engaged in cryptocurrency mining that made or committed to make a capital investment of at least \$250,000,000 over a 60-month period prior to the effective date of the amendatory Act. Effective immediately.

LRB103 28066 HLH 54445 b

A BILL FOR

1 AN ACT concerning State government.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Department of Commerce and Economic  
5 Opportunity Law of the Civil Administrative Code of Illinois  
6 is amended by changing Section 605-1025 as follows:

7 (20 ILCS 605/605-1025)

8 Sec. 605-1025. Data center investment.

9 (a) The Department shall issue certificates of exemption  
10 from the Retailers' Occupation Tax Act, the Use Tax Act, the  
11 Service Use Tax Act, and the Service Occupation Tax Act, all  
12 locally-imposed retailers' occupation taxes administered and  
13 collected by the Department, the Chicago non-titled Use Tax,  
14 and a credit certification against the taxes imposed under  
15 subsections (a) and (b) of Section 201 of the Illinois Income  
16 Tax Act to qualifying Illinois data centers.

17 (b) For taxable years beginning on or after January 1,  
18 2019, the Department shall award credits against the taxes  
19 imposed under subsections (a) and (b) of Section 201 of the  
20 Illinois Income Tax Act as provided in Section 229 of the  
21 Illinois Income Tax Act.

22 (c) For purposes of this Section:

23 "Cryptocurrency" means a type of virtual currency that

1 utilizes cryptography to secure transactions that are  
2 digitally recorded on a distributed ledger, such as a  
3 blockchain.

4 "Cryptocurrency mining" means the process whereby  
5 computers, also known as nodes or mining rigs, validate  
6 blockchain transactions for a specific cryptocurrency and, in  
7 turn, receive a mining reward for their computational efforts.

8 "Data center" means a facility: (1) whose primary  
9 services are the storage, management, ~~and~~ processing of  
10 digital data, or cryptocurrency mining; and (2) that is  
11 used to house (i) computer and network systems, including  
12 associated components such as servers, network equipment  
13 and appliances, telecommunications, and data storage  
14 systems, (ii) systems for monitoring and managing  
15 infrastructure performance, (iii) Internet-related  
16 equipment and services, (iv) data communications  
17 connections, (v) environmental controls, (vi) fire  
18 protection systems, and (vii) security systems and  
19 services.

20 "Qualifying Illinois data center" means a new or  
21 existing data center that:

22 (1) is located in the State of Illinois;

23 (2) in the case of an existing data center, made a  
24 capital investment of at least \$250,000,000  
25 collectively by the data center operator and the  
26 tenants of the data center over the 60-month period

1 immediately prior to January 1, 2020, or in the case of  
2 a data center engaged in cryptocurrency mining, made a  
3 capital investment of at least \$250,000,000 over the  
4 60-month period immediately prior to the effective  
5 date of this amendatory Act of the 103rd General  
6 Assembly, or committed to make a capital investment of  
7 at least \$250,000,000 over a 60-month period  
8 commencing before January 1, 2020 and ending after  
9 January 1, 2020, or in the case of a data center  
10 engaged in cryptocurrency mining, committed to make a  
11 capital investment of at least \$250,000,000 over a  
12 60-month period commencing before the effective date  
13 of this amendatory Act of the 103rd General Assembly  
14 and ending after the effective date of this amendatory  
15 Act of the 103rd General Assembly; or

16 (3) in the case of a new data center, or an  
17 existing data center making an upgrade, makes a  
18 capital investment of at least \$250,000,000 over a  
19 60-month period beginning on or after January 1, 2020;  
20 and

21 (4) in the case of both existing and new data  
22 centers, results in the creation of at least 20  
23 full-time or full-time equivalent new jobs over a  
24 period of 60 months by the data center operator and the  
25 tenants of the data center, collectively, associated  
26 with the operation or maintenance of the data center;

1 those jobs must have a total compensation equal to or  
2 greater than 120% of the average wage paid to  
3 full-time employees in the county where the data  
4 center is located, as determined by the U.S. Bureau of  
5 Labor Statistics; and

6 (5) within 2 years after being placed in service,  
7 certifies to the Department that it is carbon neutral  
8 or has attained certification under one or more of the  
9 following green building standards:

10 (A) BREEAM for New Construction or BREEAM  
11 In-Use;

12 (B) ENERGY STAR;

13 (C) Envision;

14 (D) ISO 50001-energy management;

15 (E) LEED for Building Design and Construction  
16 or LEED for Operations and Maintenance;

17 (F) Green Globes for New Construction or Green  
18 Globes for Existing Buildings;

19 (G) UL 3223; or

20 (H) an equivalent program approved by the  
21 Department of Commerce and Economic Opportunity.

22 "Full-time equivalent job" means a job in which the  
23 new employee works for the owner, operator, contractor, or  
24 tenant of a data center or for a corporation under  
25 contract with the owner, operator or tenant of a data  
26 center at a rate of at least 35 hours per week. An owner,

1 operator or tenant who employs labor or services at a  
2 specific site or facility under contract with another may  
3 declare one full-time, permanent job for every 1,820 man  
4 hours worked per year under that contract. Vacations, paid  
5 holidays, and sick time are included in this computation.  
6 Overtime is not considered a part of regular hours.

7 "Qualified tangible personal property" means:  
8 electrical systems and equipment; climate control and  
9 chilling equipment and systems; mechanical systems and  
10 equipment; monitoring and secure systems; emergency  
11 generators; hardware; computers; servers; data storage  
12 devices; network connectivity equipment; racks; cabinets;  
13 telecommunications cabling infrastructure; raised floor  
14 systems; peripheral components or systems; software;  
15 mechanical, electrical, or plumbing systems; battery  
16 systems; cooling systems and towers; temperature control  
17 systems; other cabling; and other data center  
18 infrastructure equipment and systems necessary to operate  
19 qualified tangible personal property, including fixtures;  
20 and component parts of any of the foregoing, including  
21 installation, maintenance, repair, refurbishment, and  
22 replacement of qualified tangible personal property to  
23 generate, transform, transmit, distribute, or manage  
24 electricity necessary to operate qualified tangible  
25 personal property; and all other tangible personal  
26 property that is essential to the operations of a computer

1 data center. "Qualified tangible personal property" also  
2 includes building materials physically incorporated in to  
3 the qualifying data center.

4 To document the exemption allowed under this Section, the  
5 retailer must obtain from the purchaser a copy of the  
6 certificate of eligibility issued by the Department.

7 (d) New and existing data centers seeking a certificate of  
8 exemption for new or existing facilities shall apply to the  
9 Department in the manner specified by the Department. The  
10 Department shall determine the duration of the certificate of  
11 exemption awarded under this Act. The duration of the  
12 certificate of exemption may not exceed 20 calendar years. The  
13 Department and any data center seeking the exemption,  
14 including a data center operator on behalf of itself and its  
15 tenants, must enter into a memorandum of understanding that at  
16 a minimum provides:

17 (1) the details for determining the amount of capital  
18 investment to be made;

19 (2) the number of new jobs created;

20 (3) the timeline for achieving the capital investment  
21 and new job goals;

22 (4) the repayment obligation should those goals not be  
23 achieved and any conditions under which repayment by the  
24 qualifying data center or data center tenant claiming the  
25 exemption will be required;

26 (5) the duration of the exemption; and

1           (6) other provisions as deemed necessary by the  
2           Department.

3           (e) Beginning July 1, 2021, and each year thereafter, the  
4           Department shall annually report to the Governor and the  
5           General Assembly on the outcomes and effectiveness of Public  
6           Act 101-31 that shall include the following:

7                 (1) the name of each recipient business;

8                 (2) the location of the project;

9                 (3) the estimated value of the credit;

10                (4) the number of new jobs and, if applicable,  
11                retained jobs pledged as a result of the project; and

12                (5) whether or not the project is located in an  
13                underserved area.

14           (f) New and existing data centers seeking a certificate of  
15           exemption related to the rehabilitation or construction of  
16           data centers in the State shall require the contractor and all  
17           subcontractors to comply with the requirements of Section  
18           30-22 of the Illinois Procurement Code as they apply to  
19           responsible bidders and to present satisfactory evidence of  
20           that compliance to the Department.

21           (g) New and existing data centers seeking a certificate of  
22           exemption for the rehabilitation or construction of data  
23           centers in the State shall require the contractor to enter  
24           into a project labor agreement approved by the Department.

25           (h) Any qualifying data center issued a certificate of  
26           exemption under this Section must annually report to the



1 Department the total data center tax benefits that are  
2 received by the business. Reports are due no later than May 31  
3 of each year and shall cover the previous calendar year. The  
4 first report is for the 2019 calendar year and is due no later  
5 than May 31, 2020.

6 To the extent that a business issued a certificate of  
7 exemption under this Section has obtained an Enterprise Zone  
8 Building Materials Exemption Certificate or a High Impact  
9 Business Building Materials Exemption Certificate, no  
10 additional reporting for those building materials exemption  
11 benefits is required under this Section.

12 Failure to file a report under this subsection (h) may  
13 result in suspension or revocation of the certificate of  
14 exemption. Factors to be considered in determining whether a  
15 data center certificate of exemption shall be suspended or  
16 revoked include, but are not limited to, prior compliance with  
17 the reporting requirements, cooperation in discontinuing and  
18 correcting violations, the extent of the violation, and  
19 whether the violation was willful or inadvertent.

20 (i) The Department shall not issue any new certificates of  
21 exemption under the provisions of this Section after July 1,  
22 2029. This sunset shall not affect any existing certificates  
23 of exemption in effect on July 1, 2029.

24 (j) The Department shall adopt rules to implement and  
25 administer this Section.

26 (Source: P.A. 101-31, eff. 6-28-19; 101-604, eff. 12-13-19;

1 102-427, eff. 8-20-21; 102-558, eff. 8-20-21.)

2 Section 99. Effective date. This Act takes effect upon  
3 becoming law.