

# **The Effects of the Sales and Use Tax Exemption For Qualifying Data Processing Services Center's Purchases and Rentals**

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**2010, W.S. 39-15-105(a)(viii)(S) and W.S. 39-16-105(a)(viii)(H),  
as amended**

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## Overview

In the Wyoming Legislature 2010 Session Original House Bill No. 67 (Enrolled Act No. 31) was passed and signed by Governor Freudenthal into law on March 5, 2010. This act relates to taxation and revenue and provides for a sales and use tax exemption for the purchases and rentals of qualifying computer equipment including computers, servers, monitors, keyboards, storage devices and other peripherals, racking systems, cabling and trays that are necessary for the operation of a data processing services center when the aggregate purchase of the qualifying equipment exceeds two million dollars in any calendar year. The act provides for a reporting requirement and an effective date. This law took effect upon signature.

Subsequently House Bill No. 117 (Enrolled Act No. 17) was passed and signed by Governor Mead on February 18, 2011. This had the effect of amending and expanding the first Act. As it now reads, subject to meeting the applicable provisions of the exemption, the following purchases by a data processing services center (as defined in W.S. 39-15-101(a)(xliv)) are exempt:

(I) The sales price paid for the purchase or rental of qualifying prewritten and other computer software, computer equipment including computers, servers, monitors, keyboards, storage devices, containers used to transport and house such computer equipment and other peripherals, racking systems, cabling and trays that are necessary for the operation of a data processing services center when the aggregate purchase of the qualifying equipment exceeds two million dollars (\$2,000,000.00) in any calendar year;

(II) The sales price paid for the purchase or rental of qualifying uninterruptable power supplies, back-up power generators, specialized heating and air conditioning equipment and air quality control equipment used for controlling the computer environment necessary for the operation of a data processing services center when the aggregate purchase of the qualifying equipment exceeds two million dollars (\$2,000,000.00) in any calendar year;

This exemption is located within the “economic incentive” group of sales and use tax exemptions in the Wyoming statutes. [W.S. 39-15-105(a)(viii) and W.S. 39-16-105(a)(viii)] In order to avail themselves of the exemption a qualifying data processing services center must meet certain requirements.

In addition to having a physical location in the state where the qualifying equipment will be maintained and operated (until it is scheduled for replacement or until it has reached the end of its serviceable life) for Subparagraph (I) the qualifying data processing services center must make, or have made within the five years immediately preceding March 5, 2010, an initial capital investment of not less than five million dollars (\$5,000,000) and for Subparagraph (II) the qualifying data processing services center must make, or have made within the five years immediately preceding April 1, 2011, an initial capital investment of not less than fifty million dollars (\$50,000,000). Furthermore the data processing services center must have received certification from the Wyoming Business Council that the business has created or will create a number of jobs in

Wyoming that is appropriate to the size and stage of development of the data processing services center as determined by the Wyoming Business Council.

## Specific Requirements by Statute

Wyo. Stat. Ann. § 39-15-105(b)

“The Wyoming business council, the department of workforce services and the department of revenue shall jointly report to the joint revenue interim committee on or before December 1 of each year that the exemption is in effect. If requested by the department of revenue, any person utilizing the exemption shall report to the department the amount of sales tax exempted, and the number of jobs created or impacted by the utilization of the exemption.”

This report is to evaluate the cumulative effects of the exemption from initiation of the exemption and shall include:

- (i) A history of employment in terms of the numbers of employees, full-time and part time employees, and rate of turnover classified by the 2007 edition, as amended, of the North American Industry Classification System (NAICS) code manufacturing section 31 – 33 from information collected by the Department of Employment;
- (ii) A history of wages and benefits disaggregated by gender for each job category; and
- (iii) A comprehensive history of taxes paid to the state of Wyoming.

## Findings

This year represents the fourth year<sup>1</sup> the Department of Revenue has requested information from companies potentially utilizing the exemption. A cover letter attached to the return instructed the respondents that once completed, the information could be mailed, faxed or emailed back to the Department of Revenue’s Excise Tax Division. All of the respondents replied electronically.

For the calendar year ending December 2015, the Department surveyed eight entities that have been identified as data processing service centers in this State. This is the same number as was sent last year. Of those, the Department received responses from 6. From these, only one (1) company made sufficient purchases to trigger the exemption. The report identifies this entity only as “Company.”

In addition, there is a correction on this report as it pertains to previous years. At least one of the taxpayers contacted had not been previously reporting their information on a calendar year basis. This year the taxpayer amended their previous reports. As a result the exemption utilization, employment, wages, and turnover information for each of the

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<sup>1</sup> The first report compiled purchases between March 2010 and June 2013, and was reported in the fall of 2013. After that the Department converted to calendar year reporting since the exemption allows for the accrual of tax on an annual basis.

affected years has been recalculated and is represented based on the information current at this time.

*Exemption Cost*

The “Company” was certified by the Wyoming Business Council in 2013 and has far exceeded the minimum purchase requirement to qualify for exemption every year since becoming certified. “Company” reported \$310,556,479 in purchases in 2013, \$164,119,341 in 2014, and \$187,851,478 last year. Using the average Wyoming sales tax rate for each year this resulted in \$35,580,089.13 in unrealized sales and use tax from this entity alone, and a total overall exemption cost since inception of \$39,483,161.41. Figure 1 illustrates the annual exemption utilization as it relates to the overall exemption cost.

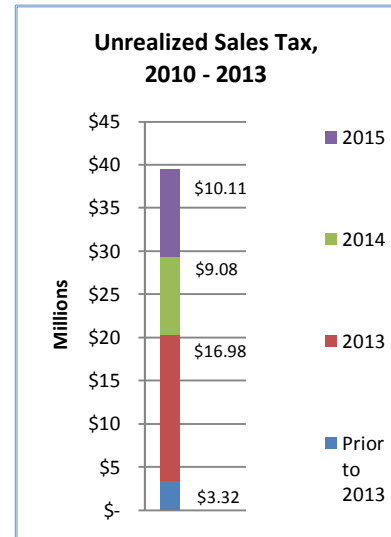


Figure 1: Unrealized Sales Tax

*Employment*

As expected “Company” is the largest employer of those contacted by the Department, employing 99 of the 144, or 69%, of total positions available last year. In 2014 it employed 37% of the 106 positions and in 2013 it employed 46% of the 116 positions. By employment classification, the bulk of its positions are in the skilled and unskilled occupational classifications, averaging 58% in 2013, 69% in 2014 and 87% in 2015. This is similar to the other businesses reporting 83% in 2013, 82% in 2014, and 73% in 2015, in the same classifications. Table 1 breaks down the percentage of employees in each occupational classification.

Table 1: Percentage of Work Force by Occupational Classification

	< 2013		2013		2014		2015	
	Company	Others	Company	Others	Company	Others	Company	Others
Supervisor / Manager		11%	8%	11%	26%	12%	12%	18%
Administrative Svcs		3%	34%	3%	5%	3%	1%	4%
Customer Svc		3%	0%	3%	0%	3%	0%	4%
Skilled Labor		35%	43%	35%	28%	33%	24%	69%
Unskilled Labor		48%	15%	48%	41%	49%	63%	4%

All data centers report that the work force is primarily full time employees. In 2013, one part-time female position was reported and in 2015, two part time male positions were noted. All three were in supervisory capacities. The centers also report that since 2013, on average, women have occupied between 9% and 13% of their combined work force. And by occupational classification, in 2014 and 2015, all reported that their administrative staffs were female. This contrasts with the percentage of women in skilled and unskilled positions, being only 4% and 8% respectively.

Comparatively “Company” reported since 2013, 7% to 13% of its work force has been female. In 2013, women made up 11% of the administrative staff and 9% of the skilled labor force. The following year women took 100% of the administrative positions and claimed available managerial and unskilled labor positions. By 2015, women made up 17% of “Company’s” managerial staff, 8% of its unskilled labor force, 100% of its administrative staff but only 4% of its skilled labor force. Table 2 illustrates the percentage of female employment by occupational classification by “Company” as compared to its competitors.

**Table 2: Percentage of Female Employment per Occupational Classification**

	2013		2014		2015	
	Company	Others	Company	Others	Company	Others
Supervisor / Manager	0%	14%	10%	13%	17%	22%
Administrative Svcs	11%	100%	100%	100%	100%	100%
Customer Svc	0%	0%	0%	0%	0%	0%
Skilled Labor	9%	14%	9%	9%	4%	3%
Unskilled Labor	0%	10%	6%	12%	8%	0%

### *Wage Earnings*

Wyoming’s average hourly wage has increased for each occupational classification since 2013. On average wages increased 5% with unskilled labor seeing the greatest increase, at 8%.

Unfortunately the same cannot be said for the businesses in this report. Looking at “Company’s” competitors, all reported that between 2013 and 2015, the average hourly wage in three of the five occupational classifications lost ground. Most notably wages for managerial occupations dropped from \$47.57 per hour to \$36.89 per hour, or a loss of 22%; and skilled labor dropped from \$30.42 to \$22.81, or 25%. So although employment and total annual payroll has increased from \$6.7 Million to \$7.6 Million, the per employee wage expenditure dropped \$5,376.

Similarly looking at the employee wage earnings for the “Company,” between 2013 and 2015, wages dropped in three of the four occupational classifications they employ, by as much as 40%.<sup>2</sup> The only occupational classification that saw increase was unskilled labor. So that while “Company’s” total annual payroll increased \$1.6 Million, their average per employee wage expenditure dropped \$13,805.

Table 3 compares the average hourly wages for “Company,” its competitors “Others” and the average wages as reported by the Wyoming Department of Workforce Services in their annual Wyoming Occupational Employment and Wages Report.<sup>3</sup>

<sup>2</sup> The company qualifying for sales tax exemption in 2015 does not employ Sales and Service Occupations (Customer Service) staff.

<sup>3</sup> Data obtained from Wyoming Occupational Employment and Wages reports for 2012 through 2015, specifically the median wage for all Managerial Occupations (Occupational code 11-0000), Office and

**Table 3: Average Hourly Wage by Occupational Classification**

		2013	2014	2015
Managerial	Company	\$ 58.67	\$ 31.63	\$ 35.02
	Others	\$ 47.57	\$ 44.82	\$ 36.89
	WY Average	\$ 38.16	\$ 39.42	\$ 40.85
Administrative	Company	\$ 29.65	\$ 30.56	\$ 24.64
	Others	\$ 17.25	\$ 17.43	\$ 22.90
	WY Average	\$ 15.11	\$ 15.15	\$ 15.63
Customer Service	Company	\$ -	\$ -	\$ -
	Others	\$ 28.88	\$ 29.00	\$ 31.30
	WY Average	\$ 12.06	\$ 12.41	\$ 12.79
Skilled Labor	Company	\$ 34.95	\$ 36.15	\$ 24.81
	Others	\$ 30.42	\$ 33.34	\$ 22.81
	WY Average	\$ 27.51	\$ 27.65	\$ 28.00
Unskilled Labor	Company	\$ 14.00	\$ 22.27	\$ 23.37
	Others	\$ 16.18	\$ 15.92	\$ 15.65
	WY Average	\$ 14.56	\$ 15.33	\$ 15.68

Table 4 compares the average wage reported for men and women per occupational classification by all businesses reporting in this field. Those fields marked (—) indicate no employees of that gender during that period.

**Table 4: Average Hourly Wage by Gender**

	2013		2014		2015	
	M	F	M	F	M	F
Supervisor / Manager	\$ 54.47	\$ 23.00	\$ 39.73	\$ 19.54	\$ 37.77	\$ 27.51
Administrative Svcs	\$ 27.91	\$ 22.40	—	\$ 23.99	—	\$ 23.48
Customer Svc	\$ 28.88	—	\$ 29.00	—	\$ 31.30	—
Skilled Labor	\$ 31.97	\$ 38.87	\$ 34.10	\$ 36.11	\$ 24.08	\$ 13.13
Unskilled Labor	\$ 15.61	\$ 17.00	\$ 18.14	\$ 16.67	\$ 23.94	\$ 13.51

*Benefits*

Consistent with every year surveyed, all companies employing in this field reported a full benefits package including medical and dental insurance, a prescription plan, a vision plan and retirement savings plans.

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Administrative Support Occupations (Occupational Code 43-0000), Sales and Related Occupations (Occupational code 41-0000), Computer and Mathematical Occupations (Occupational Code 15-0000), and Laborers (Occupational code 47-2061).

### Turnover

Turnover rates for “Company’s” competitors are relatively low as compared to the Wyoming average. The highest turnover occurred in 2013 where responses across all occupational classifications averaged 9.7%. In 2015, “Others” reported a turnover average of only 3.0%. By comparison “Company’s” turnover is much closer to the Wyoming average. Company reported 23.3% turnover in 2013, 35.3% in 2014 and 20.0% in 2015. The Wyoming average was 29.6%, 30.7% and 30.3% respectively. Table 5 compares survey responses of “Company” to “Others” and the Wyoming average.<sup>4</sup>

**Table 5: Average Turnover Comparison**

	2013	2014	2015
Company	23.3%	35.3%	20.0%
Others	9.7%	4.6%	3.0%
WY Average	29.6%	30.7%	30.3%

By occupational classification, turnover rates vary. Combined, all data centers report lower turnover rates appear as the norm with average rates at or below 15% in all but administrative occupations. Across the survey, no turnover was reported in Sales and Related Occupations (Customer Service) over the entire period.

However, when “Company” is taken in the light of its competitors, “Company’s” average turnover rates per occupational classifications tend to be higher. Over the same three year period, “Company” reported a 62% turnover rate in administrative positions, compared to 5% by its competitors; and a 26.1% average turnover rate for skilled labor, compared to 8.3% by its competitors. The only occupational classification where “Company” beat its competitors was in managerial positions, “Company” reported 0% turnover while the competitors reported a 3-year average of 3.3%. Table 6 compares turnover rates for Company to the rest of the field.

**Table 6: Turnover Rates by Occupational Classification**

		2013	2014	2015
Managerial	Company	0.0%	0.0%	0.0%
	Others	10.0%	0.0%	0.0%
Administrative	Company	17.0%	88.9%	80.0%
	Others	10.0%	0.0%	5.0%
Customer Service	Company	—	—	—
	Others	0.0%	0.0%	0.0%
Skilled Labor	Company	26.0%	52.2%	0.0%
	Others	11.0%	4.0%	10.0%
Unskilled Labor	Company	50.0%	0.0%	0.0%
	Others	17.5%	19.0%	0.0%

<sup>4</sup> Data obtained from Wyoming Quarterly Turnover Statistics by Industry, 1992Q1 to 2015Q4 for “All Industries”



## **Wyoming Economic Analysis Division**

### **REMI Analyses: Economic Impacts**

The analyses of the economic impacts of the sales and use tax exemption for purchases and rentals of qualifying computer equipment necessary for the operation of a data processing center was prepared using the Regional Economic Models, Inc. (REMI) PI+ model. REMI PI+ is the next generation Policy Insight model built exclusively for Wyoming. It is an integrated model that combines the best features of the input-output, general equilibrium, econometric and economic geography methodologies. PI+ is also a dynamic rather than a static model allowing for year-by-year analysis of the total regional effects of any specific policy initiative.

The economic impact of the removal of the sales tax exemption for purchases and rentals of qualifying computer equipment necessary for the operation of a data processing center was modeled in REMI as an increase in the production costs for the data center industry of \$14.0 million per year beginning in 2015 (see Attachment A, Table 1). This exemption removal would result in an average annual loss of 74 jobs and a decrease in GDP of \$6.1 million per year over the period of 2015 to 2030 when compared to the baseline scenario.

The construction, retail trade, information, finance & insurance, and accommodation & food services sectors will incur the majority of the job losses. Direct job losses are attributed to construction, finance & insurance, and information sectors while the retail trade and accommodation & food services sectors will be adversely impacted from the decline in disposable personal income. The economic impact of the adding of the sales tax exemption for purchases and rentals of qualifying computer equipment necessary for the operation of a data processing center was modeled in REMI as a decrease in the production costs for the data center industry of \$14.0 million per year beginning in 2015 (see Attachment A, Table 2). This exemption addition would result in an average annual gain of 86 jobs and an increase in GDP of \$7.1 million per year over the period of 2015 to 2030 when compared to the baseline scenario.

The construction, retail trade, information, finance & insurance, and accommodation & food services sectors will see the majority of the job gains. Direct job gains are attributed to construction, finance & insurance, and information sectors while the retail trade and accommodation & food services sectors will be positively impacted from the increase in disposable personal income.

**Attachment A** shows the REMI table of analyses, definitions of terminology used and more detailed information regarding the REMI model.

## **Wyoming Business Council**

### **RPAS Analyses: Economic Impacts**

The analyses of the economic impact of the sales and use tax exemption for purchases and rentals of qualifying computer equipment necessary for the operation of a data

processing center was prepared using the Regional Project Assessment System (RPAS). The RPAS model has been developed for Wyoming by Applied Economics, LLC of Phoenix, Arizona, [www.aeconomics.com](http://www.aeconomics.com). The model identifies measurable effects associated with either a specific activity in a specific location or the value of economic and revenue impacts of existing businesses. The model has multipliers for 66 NAICS-based industry types based on Minnesota IMPLAN group data. It provides the value of additional output for job creation in addition to the direct jobs created and measures direct and indirect property and sales tax benefits to local and state revenues.

Refer to **Attachment B** for the detailed information regarding the RPAS model.

#### *Survey Costs*

Due to the limited number of businesses contacted for this report, the cost to mail was nominal. As a result, the primary expense associated with this report is the time spent following up with the respondents and reviewing and analyzing the data received.

#### ***Attachment A***

**Table 1: Economic Impact of Sales & Use Tax Exemption for Data Centers with removal of exemption**

Category (Change from Baseline)	Years						Average
	2015	2016	2017	2018	2019	2020	2015-2030
Total Employment - Jobs	-37	-54	-66	-74	-79	-82	-74
Construction	-7	-11	-12	-13	-13	-13	-10
Retail Trade	-5	-6	-7	-8	-9	-9	-8
Information	-5	-6	-7	-8	-8	-8	-8
Finance & Insurance	-4	-6	-8	-10	-11	-12	-11
Accommodation & Food Services	-4	-6	-7	-8	-9	-10	-9
All Other	-12	-19	-23	-27	-29	-30	-28
Population - Individuals	-25	-47	-66	-83	-98	-111	-115
Wages and Salaries	-\$0.9	-\$1.4	-\$1.7	-\$2.0	-\$2.1	-\$2.2	-\$2.1
Personal Income	-\$1.9	-\$3.0	-\$3.9	-\$4.6	-\$5.1	-\$5.6	-\$5.6
Disposable Personal Income	-\$1.6	-\$2.5	-\$3.3	-\$3.9	-\$4.4	-\$4.7	-\$4.8
Gross Domestic Product	-\$2.9	-\$4.1	-\$5.0	-\$5.7	-\$6.1	-\$6.5	-\$6.1
Output	-\$4.9	-\$7.1	-\$8.6	-\$9.7	-\$10.4	-\$10.9	-\$10.2

*Note: All dollar amounts are expressed as millions of fixed (2015) dollars.*

**Table 2: Economic Impact of Sales & Use Tax Exemption for Data Centers with exemption**

Category (Change from Baseline)	Years						Average
	2015	2016	2017	2018	2019	2020	2015-2030
Total Employment - Jobs	43	63	77	86	92	96	86
Construction	8	13	15	16	15	15	11
Retail Trade	5	7	8	9	10	11	10
Information	6	7	8	9	10	10	9
Finance & Insurance	4	7	10	11	13	14	13
Accommodation & Food Services	5	7	8	10	10	11	10
All Other	15	22	27	31	34	36	33
Population - Individuals	30	56	79	99	117	131	134
Wages and Salaries	\$1.1	\$1.6	\$2.0	\$2.3	\$2.5	\$2.6	\$2.4
Personal Income	\$2.2	\$3.5	\$4.5	\$5.4	\$6.0	\$6.5	\$6.5
Disposable Personal Income	\$1.9	\$3.0	\$3.8	\$4.6	\$5.1	\$5.6	\$5.5
Gross Domestic Product	\$3.4	\$4.9	\$5.9	\$6.7	\$7.2	\$7.6	\$7.1
Output	\$5.8	\$8.3	\$10.1	\$11.4	\$12.2	\$12.8	\$11.8

*Note: All dollar amounts are expressed as millions of fixed (2015) dollars.*

**Total Employment** comprises estimates of the number of non-farm jobs, full-time plus part-time, by place of work. Full-time and part-time jobs are counted at equal weight. Includes direct, indirect, and induced jobs.

**Population** reflects mid-year estimates of people, including survivors from the previous year, births, special populations, and three types of migrants (economic, international, and retired).

**Wages and Salaries** are the monetary remuneration of employees, including the compensation of corporate officers; commissions, tips, and bonuses; voluntary employee contributions to certain deferred compensation plans, such as 401(k) plans; and receipts in kind that represent income. Wages and salaries disbursements are affected by changes in Wage Rate and Employment.

**Personal Income** is the income that is received by all persons from all sources. It is calculated as the sum of wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income, and personal current transfer receipts, less contributions for government social insurance.

**Disposable Personal Income** equals personal income minus personal taxes.

**Gross Domestic Product** or **GDP** is the market value of goods and services produced by labor and property. It is often referred to as "value added" and is equal to its gross output (sales or receipts and other operating income, plus inventory change) minus its intermediate inputs (consumption of goods and services purchased from other industries or imported).

**Output** is the amount of production, including all intermediate goods purchased as well as value-added (compensation and profit). Output can also be thought of as sales or supply or simply price multiplied by quantity ( $P \times Q$ ).

#### *About the REMI PI+ Model*

The REMI PI+ model incorporates aspects of four major modeling approaches: **Input-Output**, **General Equilibrium**, **Econometric**, and **Economic Geography**. Each of these methodologies has distinct advantages as well as limitations when used alone. The REMI integrated modeling approach builds on the strengths of each of these approaches.

The REMI model at its core has the inter-industry relationships found in **Input-Output models**. As a result, the industry structure of a particular region is captured within the model, as well as transactions between industries. Changes that affect industry sectors that are highly interconnected to the rest of the economy will often have a greater economic impact than those for industries that are not closely linked to the regional economy.

**General Equilibrium** is reached when supply and demand are balanced. This tends to occur in the long run, as prices, production, consumption, imports, exports, and other changes occur to stabilize the economic system. For example, if real wages in a region rise relative to the U.S., this will tend to attract economic migrants to the region until relative real wage rates equalize. The general equilibrium properties are necessary to

evaluate changes such as tax policies that may have an effect on regional prices and competitiveness.

REMI is sometimes called an “**Econometric model**,” as the underlying equations and responses are estimated using advanced statistical techniques. The estimates are used to quantify the structural relationships in the model. The speed of economic responses is also estimated, since different adjustment periods will result in different policy recommendations and even different economic outcomes.

The **New Economic Geography** features represent the spatial dimension of the economy. Transportation costs and accessibility are important economic determinants of interregional trade and the productivity benefits that occur due to industry clustering and labor market access. Firms benefit having access to a large, specialized labor pool and from having access to specialized intermediate inputs from supplying firms. The productivity and competitiveness benefits of labor and industry concentrations are called agglomeration economies, and are modeled in the economic geography equations.

The primary national, state, and county data source for REMI PI+ is the Bureau of Economic Analysis (BEA) State Personal Income (SPI) and Local Area Personal Income (LAPI) series (which also include employment and total population at both the state and county level). REMI also relies on numerous other data sources including the Bureau of Labor Statistics, Energy Information Administration, Center for Disease Control and Prevention, National Center for Health Statistics, and the Department of Defense.  
*Source: remi.com.*



## ***Attachment B***

Wyoming Business Council Regional Project Assessment System (RPAS)

**Data center tax incentive economic analysis**

The RPAS model has been developed for Wyoming by Applied Economics, LLC of Phoenix, Arizona, [www.aeconomics.com](http://www.aeconomics.com). The model identifies measurable effects associated with either a specific activity in a specific location or the value of economic and revenue impacts of existing businesses. The model has multipliers for 66 NAICS-based industry types based on Minnesota IMPLAN group data. It provides the value of additional output for job creation in addition to the direct jobs created and measures direct and indirect property and sales tax benefits to local and state revenues.

- Jobs, wages and output:
  - There has been significant growth in the last several years in data hosting jobs and wages.
  - Not all jobs created are reflected in the numbers below. Data centers often contract out a significant amount of work.
  - The economic output from these direct wages is significant. The numbers below do not include indirect economic output of suppliers.

Year	Workforce	Average Wage	Total Direct Wages	Output from Employment Income
2010-12	15	\$ 51,798.00	\$ 776,970.00	\$ 2,231,226.00
2013	46	\$ 51,798.00	\$ 2,382,708.00	\$ 6,842,428.00
2014	117	\$ 51,798.00	\$ 6,060,336.00	\$ 17,403,566.00
2015	144	\$ 51,798.00	\$ 7,458,912.00	\$ 21,419,773.00
<b>Total</b>				<b>\$ 47,896,993.00</b>

\* The year and workforce numbers are from the Department of Revenue annual reports.

\* The wage data is taken from the 2016 surveys returned by companies to the Department of Revenue. The surveys provided data on number of jobs and hourly wages for supervisors, skilled labor, sales/ customer service, admin and unskilled labor. WBC compiled the numbers and created an average. This average is used for all prior years.

\* Output represents the total economic activity generated. It is derived from employment income and calculated by the WBC economic impact model. The inputs are direct employment numbers and average wages. The model then calculates additional multipliers of the wages rolling over in the community. Real estate market valuation for tax purposes

The market valuation of data centers shows immense growth.

<b>Assessed valuation for companies in the data storage industry in Wyoming</b>				
	2016	2015	2014	2013
<b>Greenhouse Data</b>	\$ 8,007,395.00	\$ 7,792,972.00	\$ 351,654.00	
<b>Microsoft</b>	\$ 89,767,721.00	\$ 211,623.00	\$ 168,703.00	\$ 164,473.00
<b>EcoStar</b>	\$ 4,492,384.00	\$ 4,492,384.00	\$ 4,492,384.00	\$ 4,492,384.00
<b>Mountain West</b>	\$ 931,730.00	\$ 963,010.00	\$ 939,550.00	\$ 568,540.00
<b>Ptolemy</b>	\$ 1,477,077.00	\$ 1,598,498.00	\$ 1,530,624.00	\$ 1,469,670.00
<b>Total</b>	\$ 104,676,307.00	\$ 15,058,487.00	\$ 7,482,915.00	\$ 6,695,067.00

The following numbers do not include electricity tax or construction sales tax. However, data centers generate significant construction sales tax, electricity sales tax, property tax and indirect sales tax.

Year	Annual capital expenditures	Local real property taxes	Local personal property taxes	Local Sales taxes	Total local taxes	State sales tax	Total state and local taxes	Unrealized revenue from sales taxes	Net return to state and local governments
2012	\$ 63,105,174.00	\$73,195	\$343,032	\$18,228	\$434,455	\$13,451	\$447,906	\$ 3,357,195.00	\$ (2,909,289.00)
2013	\$ 316,136,131.00	\$184,251	\$2,000,924	\$55,898	\$2,241,073	\$41,250	\$2,282,323	\$17,071,351.00	\$ (14,789,028.00)
2014	\$ 164,119,341.00	\$426,914	\$2,528,934	\$142,176	\$3,098,025	\$104,919	\$3,202,943	\$ 8,862,444.00	\$ (5,659,501.00)
2015	\$ 187,851,478.00	\$1,150,612	\$2,976,384	\$174,986	\$4,301,982	\$129,131	\$4,431,112	\$10,143,979.00	\$ (5,712,867.00)
<b>Total:</b>	<b>\$731,212,124.00</b>	<b>\$1,834,972</b>	<b>\$7,849,274</b>	<b>\$391,287</b>	<b>\$10,075,534</b>	<b>\$288,750</b>	<b>\$10,364,284</b>	<b>\$39,434,969.00</b>	<b>\$ (29,070,685.00)</b>

- Approximately half of the property tax supports local school mill levies
- Direct and indirect property and sales tax is calculated by the WBC economic impact model. The inputs are assessed property valuation and equipment capital expenditures. The model then calculates the direct property and sales tax paid to local and state. It also creates and calculates multipliers for direct employees and indirect employment increase in their property and sales tax spending.



*State of Wyoming*  
**DEPARTMENT OF REVENUE**

**MATTHEW H. MEAD, Governor**  
**DANIEL W. NOBLE, Director**

122 West 25th Street, 2-West, Cheyenne, Wyoming 82002-0110  
Telephone:(307) 777-7961 • Web:<http://revenue.wyo.gov>  
E-mail: [DOR\\_Taxability@wyo.gov](mailto:DOR_Taxability@wyo.gov)

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Property Tax Division Fax (307)777-1527 • Excise Division Fax (307)777-3632 • Mineral Division Fax (307)777-7849 • Liquor Division Fax (307)777-6255

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June 30, 2016

Dear Taxpayer:

Effective March 5, 2010, the Wyoming Legislature passed a sales/use tax exemption designed to benefit those companies making qualifying data processing services centers purchases. This exemption applies to purchases or rentals of qualifying prewritten and other computer software, computer equipment including computers, servers, monitors, keyboards, storage devices, containers used to transport and house such computer equipment and other peripherals, racking systems, cabling and trays that are necessary for the operation of a data processing services center as well as purchases or rentals of qualifying uninterruptable power supplies, back-up power generators, specialized heating and air conditioning equipment and air quality control equipment used for controlling the computer environment necessary for the operation of a data processing services center when certain qualifications are met.

As part of this exemption, the Wyoming Department of Revenue is required to supply to the legislature a report to evaluate the cumulative effects of the exemption. Enclosed is the Sales/Use Tax Return for Qualifying Data Processing Services Centers. Please note, new for this year is Section VI. Size of Facility. The completed form must be returned to the Wyoming Department of Revenue no later than July 31, 2016. Please report all purchases and rentals that qualify for this exemption.

Please contact the department with any questions you may have at (307) 777-2459. You may return your completed form by mail, fax to (307) 777-3632 or electronically to [DOR\\_Taxability@wyo.gov](mailto:DOR_Taxability@wyo.gov).

Thank you for your time and attention to this matter.

Sincerely,

*Terri Lucero*

Terri Lucero, Manager  
Education and Taxability  
Excise Tax Division





Wyoming Department of Revenue  
 Excise Tax Division  
 Herschler Bldg 2nd Floor West  
 122 West 25<sup>th</sup> Street  
 Cheyenne, WY 82002-0110

**SALES/USE TAX RETURN**  
**FOR QUALIFYING DATA PROCESSING SERVICES CENTER'S PURCHASES**  
 Per Wyoming Statutes Title 39-15-105 and Title 39-16-105

**THIS FORM MUST BE COMPLETED AND FILED BY JULY 31, 2016**

**I. Company Information**

Company Name		
Address		
City	State	Zip

**II. Date Certified by Wyoming Business Council** \_\_\_\_\_

**III. Exempt Purchases**

- Has this company made a capital investment of not less than five million dollars (\$5,000,000) in this state or has the company made a capital investment of not less than five million dollars (\$5,000,000) in this state in the five years immediately preceding March 5, 2010? \_\_\_\_\_
- Is this company located in a co-location facility where the owners and tenants combined have made a capital investment of not less than five million dollars (\$5,000,000) in this state or has the owners and tenants combined made a capital investment of not less than five million dollars (\$5,000,000) in this state in the five years immediately preceding March 5, 2010? \_\_\_\_\_

Please indicate the purchase price paid for purchases or rentals of qualifying prewritten and other computer software, computer equipment including computers, servers, monitors, keyboards, storage devices, containers used to transport and house such computer equipment and other peripherals, racking systems, cabling and trays that are necessary for the operation of a data processing services center.

Amount of Exempt Purchases and Rentals for the period of January 2015 through December 2015. If zero, please indicate \$0.00	
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- Has this company made a capital investment of not less than fifty million dollars (\$50,000,000) in this state or has the company made a capital investment of not less than fifty million dollars (\$50,000,000) in this state in the five years immediately preceding April 1, 2011? \_\_\_\_\_
- Is this company located in a co-location facility where the owners and tenants combined have made a capital investment of not less than fifty million dollars (\$50,000,000) in this state or has the owners and tenants made a capital investment of not less than fifty million dollars (\$50,000,000) in this state in the five years immediately preceding April 1, 2011? \_\_\_\_\_

Please indicate the purchase price paid for purchases or rentals of qualifying uninterruptable power supplies, back-up power generators, specialized heating and air conditioning equipment and air quality control equipment used for controlling the computer environment necessary for the operation of a data processing services center.

Amount of Exempt Purchases and Rentals for the period of January 2015 through December 2015. If zero, please indicate \$0.00	
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**IV. Employment and Benefits Information**

Please indicate the total number of employees per category type, disaggregate by full and part time status, gender and wage (per hour) as well as turnover rate. Note this information is required per W.S. Title 39-15-105 and Title 39-16-105 to evaluate the economic impact of this exemption.

1. Categories: **Owner/officer** – Owners, Officers, Sole Proprietors, Corporate Officers, Self Employed, etc.  
**Supervisor/Manager** – Upper/Middle/Lower Managers, Foremen, Supervisors, etc.  
**Administrative Staff** – Clerical, Office, Accounting, Bookkeeping, Purchasing, Shipping & Receiving, etc.  
**Customer-Support Services** – Customer service, Sales, Delivery, etc.  
**Skilled Laborers** – Professionals, Engineers, Tradesmen, machinists, R&D, Design, Quality Control, etc.  
**Unskilled Laborers** – Technicians, Operatives, Maintenance, Production, Laborers, etc.

Category Name <sup>1</sup> (such as supervisor, laborer, etc.)	Full Time or Part Time?	Number of Workers		Average Wage (per hour)		Average Rate of Turnover
		Male	Female	Male	Female	

**V. Benefits Impact Information**

Which, if any, of the following benefits does this company offer its employees? Check each applicable box

Employee Type	None	Health	Dental	Vision	Prescription	401(k)
Full-time Employees						
Part-time Employees						

**VI. Size of Facility**

Please provide the square footage of your facility to include; office, space, data center area and any storage facilities. \_\_\_\_\_

Please provide the size of your lot or acreage. \_\_\_\_\_

**VII. AFFIDAVIT AND SIGNATURE**

Agent Affidavit:

I \_\_\_\_\_, (authorized agent for company) hereby certify under penalty of perjury that the company named on this form is entitled to the sales and use tax exemption on purchases and rentals of qualifying computer equipment, as per W.S. Title 39-15-105 and Title 39-16-105. I further certify that the Company Information and Economic Impact Information provided above is true and accurate to the best of my knowledge.

Signature \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_