

Utah Tax Advantages Can Mean Millions in Savings for Salt Lake City Data Center Clients

At Aligned Salt Lake City, colocation clients can leverage tax incentives to generate significant savings—millions of dollars in many cases. It's yet another reason why Salt Lake City, Utah is a rapidly growing data center destination and Aligned is a provider of choice.

Brief: Utah Tax Advantages

- Utah's tax incentives for data centers are among the most attractive in the nation.
- Aligned data center customers have no sales tax on any equipment with an economic life of at least one year that is used in their operations at the data center. There is no requirement for lease term, provisioned capacity, capital investment or job creation.
- Utah has consistently ranked as one of the nation's most diverse and highest-performing economies for the past 20 years.
- The state holds the record for the most years in first place on Forbes' list of "Best State for Business."
- Utah implements business-cognizant policies and supports a tax structure that promotes economic prosperity and job growth, upholding the state's strong business climate.

Utah Tax Advantages



Salt Lake City is a rapidly growing data center destination

There are many reasons why Salt Lake City is a top 10 U.S. multi-tenant data center market. In addition to some of the most attractive tax incentives in the nation, these include an extensive fiber infrastructure as well as the fastest internet speeds in the Intermountain West—and among the fastest in the nation. The state also enjoys some of the cheapest electricity and natural gas rates in the nation; renewable energy sources, such as solar and wind, are rapidly growing. Classified as a cold desert, Utah's low humidity levels make it ideal for ambient cooling. Known as Silicon Slopes, the area is also a fast-growing technology center.

Sales tax exemption on equipment purchases

In Utah, qualified data center owners, operators and clients are exempt from sales tax on purchases of data center equipment with an economic life of at least one year that is used in their operations at the data center. The tax incentives do not call for specific requirements around lease term, provisioned capacity, capital investment or job creation.

List of sales-tax exempt equipment

The tenant data center equipment that would be tax exempt includes machinery, equipment, or normal operating repair or replacement parts, if the machinery, equipment, or normal operating repair or replacement parts:

- Are used in:
 - the operation of the qualifying data center; or
 - the occupant's operations in the qualifying data center; and
- have an economic life of one or more years.

For us, the exemption provides savings on purchases of equipment ranging from generators to network switches. For our clients, the exemption provides savings on purchases of equipment ranging from servers to monitoring software—substantially reducing the total cost associated with colocation.



The savings can be quite significant

The Salt Lake sales tax rate is 4.85% and the local, county and municipal tax rates combined are 2.40%, totaling 7.25%.

Say you're contracting for 1 MW of power. It's an expansion of your data center footprint, so you have to buy new servers, racks, chassis, cables, etc. Back-of-the-envelope, that equipment totals \$20M. Given a combined state, county and local sales tax rate of 7.25%, at the outset, you're saving \$1.45M that you would have paid in sales tax.

Tax abatement: 7.25% (combined state, county and local sales tax rate)

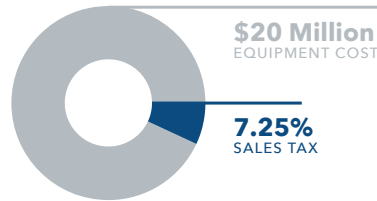
Equipment cost assumption: \$20M / MW for hardware (no refreshes over this term)

Total savings: \$1.45M

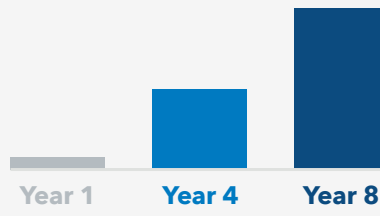
Then assume you stay in the data center for 10 years and you refresh your equipment twice in that period, at years four and eight. Again, just back-of-the envelope (and not counting any changes in the cost of equipment or sales tax increases), you save another \$1.45M in year four and again in year eight—for a grand total savings of \$4.35M.

The cost without the sales tax exemption totals \$21.45M.

NO SALES TAX EXEMPTION
\$21.45 Million



WITH SALES TAX EXEMPTION
\$4.35 Million
Accumulated savings



Other Utah tax advantages: tax rates that support business growth

The state of Utah is aggressively pro-business:

- A 5% corporate income tax rate
- The 15th best unemployment insurance tax rate in the nation
- The Utah workers' compensation system is a no-fault system. The state also boasts some of the lowest average worker's compensation costs in the nation

Bottom line

Overall, Utah's tax environment is very competitive with other states tax rates. Add in the states' tax exemption available to Aligned's Salt Lake City data center clients, and the total savings can be many millions of dollars for a typical deployment. That doesn't count the significant power cost savings associated with our ultra-efficient PUE, and the cost deferral associated with our consumption-based pricing model. All because you've collocated with Aligned in Salt Lake City.

Curious how much you could save?

Ask your account rep to model the savings for your specific case.

Additional resources

- ▶ Schedule an in-person data center tour

About Aligned

Aligned Data Centers is a leading technology infrastructure company offering innovative, sustainable, and adaptive Scale Data Centers and Build-to-Scale solutions for global hyperscale and enterprise customers across the Americas. Our intelligent infrastructure allows densification and vertical growth within the same footprint, enabling customers to scale up without disruption, all while maintaining industry-leading Power Usage Effectiveness (PUE). By reducing the energy, water and space needed to operate, our data center solutions, combined with our patented cooling technology, offer businesses a competitive advantage by improving sustainability, reliability, and their bottom line. For more information, visit www.aligneddc.com and connect with us on [X](#), [LinkedIn](#) and [Facebook](#).

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