

# SB2290



## 104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB2290

Introduced 2/7/2025, by Sen. Mark L. Walker

### SYNOPSIS AS INTRODUCED:

20 ILCS 605/605-1025

Amends the Department of Commerce and Economic Opportunity Law of the Civil Administrative Code of Illinois. Provides that a data center also includes a quantum research facility.

LRB104 05890 HLH 15921 b

A BILL FOR

1 AN ACT concerning revenue.

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 "Data center" means a facility: (1) whose primary

1 services are the storage, management, and processing of  
2 digital data; and (2) that is used to house (i) computer  
3 and network systems, including associated components such  
4 as servers, network equipment and appliances,  
5 telecommunications, and data storage systems, (ii) systems  
6 for monitoring and managing infrastructure performance,  
7 (iii) Internet-related equipment and services, (iv) data  
8 communications connections, (v) environmental controls,  
9 (vi) fire protection systems, and (vii) security systems  
10 and services. On and after January 1, 2026, "data center"  
11 also includes a quantum research facility.

12 "Qualifying Illinois data center" means a new or  
13 existing data center that:

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

15 (2) in the case of an existing data center, made a  
16 capital investment of at least \$250,000,000  
17 collectively by the data center operator and the  
18 tenants of the data center over the 60-month period  
19 immediately prior to January 1, 2020 or committed to  
20 make a capital investment of at least \$250,000,000  
21 over a 60-month period commencing before January 1,  
22 2020 and ending after January 1, 2020; or

23 (3) in the case of a new data center, or an  
24 existing data center making an upgrade, makes a  
25 capital investment of at least \$250,000,000 over a  
26 60-month period beginning on or after January 1, 2020;

1 and

2 (4) in the case of both existing and new data  
3 centers, results in the creation of at least 20  
4 full-time or full-time equivalent new jobs over a  
5 period of 60 months by the data center operator and the  
6 tenants of the data center, collectively, associated  
7 with the operation or maintenance of the data center;  
8 those jobs must have a total compensation equal to or  
9 greater than 120% of the average wage paid to  
10 full-time employees in the county where the data  
11 center is located, as determined by the U.S. Bureau of  
12 Labor Statistics; and

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

17 (A) BREEAM for New Construction or BREEAM  
18 In-Use;

19 (B) ENERGY STAR;

20 (C) Envision;

21 (D) ISO 50001-energy management;

22 (E) LEED for Building Design and Construction  
23 or LEED for Operations and Maintenance;

24 (F) Green Globes for New Construction or Green  
25 Globes for Existing Buildings;

26 (G) UL 3223; or

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

3                   "Full-time equivalent job" means a job in which the  
4                   new employee works for the owner, operator, contractor, or  
5                   tenant of a data center or for a corporation under  
6                   contract with the owner, operator or tenant of a data  
7                   center at a rate of at least 35 hours per week. An owner,  
8                   operator or tenant who employs labor or services at a  
9                   specific site or facility under contract with another may  
10                  declare one full-time, permanent job for every 1,820 man  
11                  hours worked per year under that contract. Vacations, paid  
12                  holidays, and sick time are included in this computation.  
13                  Overtime is not considered a part of regular hours.

14                  "Qualified tangible personal property" means:  
15                  electrical systems and equipment; climate control and  
16                  chilling equipment and systems; mechanical systems and  
17                  equipment; monitoring and secure systems; emergency  
18                  generators; hardware; computers; servers; data storage  
19                  devices; network connectivity equipment; racks; cabinets;  
20                  telecommunications cabling infrastructure; raised floor  
21                  systems; peripheral components or systems; software;  
22                  mechanical, electrical, or plumbing systems; battery  
23                  systems; cooling systems and towers; temperature control  
24                  systems; other cabling; and other data center  
25                  infrastructure equipment and systems necessary to operate  
26                  qualified tangible personal property, including fixtures;

1 and component parts of any of the foregoing, including  
2 installation, maintenance, repair, refurbishment, and  
3 replacement of qualified tangible personal property to  
4 generate, transform, transmit, distribute, or manage  
5 electricity necessary to operate qualified tangible  
6 personal property; and all other tangible personal  
7 property that is essential to the operations of a computer  
8 data center. "Qualified tangible personal property" also  
9 includes building materials physically incorporated in to  
10 the qualifying data center.

11 "Quantum research facility" means (i) a structure or  
12 building used specifically for quantum research or  
13 advanced computing or defense, (ii) the qualified  
14 equipment that is placed in the structure or building, or  
15 (iii) one or more quantum capable fiber networks along  
16 with any structures and personal property contained on the  
17 land that are required to operate a quantum capable fiber  
18 network either at a single location or at multiple  
19 distributed locations that are specifically used for  
20 quantum research, advanced computing, or the defense  
21 infrastructure.

22 To document the exemption allowed under this Section, the  
23 retailer must obtain from the purchaser a copy of the  
24 certificate of eligibility issued by the Department.

25 (d) New and existing data centers seeking a certificate of  
26 exemption for new or existing facilities shall apply to the

1 Department in the manner specified by the Department. The  
2 Department shall determine the duration of the certificate of  
3 exemption awarded under this Act. The duration of the  
4 certificate of exemption may not exceed 20 calendar years. The  
5 Department and any data center seeking the exemption,  
6 including a data center operator on behalf of itself and its  
7 tenants, must enter into a memorandum of understanding that at  
8 a minimum provides:

9 (1) the details for determining the amount of capital  
10 investment to be made;

11 (2) the number of new jobs created;

12 (3) the timeline for achieving the capital investment  
13 and new job goals;

14 (4) the repayment obligation should those goals not be  
15 achieved and any conditions under which repayment by the  
16 qualifying data center or data center tenant claiming the  
17 exemption will be required;

18 (5) the duration of the exemption; and

19 (6) other provisions as deemed necessary by the  
20 Department.

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

25 (1) the name of each recipient business;

26 (2) the location of the project;

1 (3) the estimated value of the credit;

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

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

6 (f) New and existing data centers seeking a certificate of  
7 exemption related to the rehabilitation or construction of  
8 data centers in the State shall require the contractor and all  
9 subcontractors to comply with the requirements of Section  
10 30-22 of the Illinois Procurement Code as they apply to  
11 responsible bidders and to present satisfactory evidence of  
12 that compliance to the Department.

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

17 (h) Any qualifying data center issued a certificate of  
18 exemption under this Section must annually report to the  
19 Department the total data center tax benefits that are  
20 received by the business. Reports are due no later than May 31  
21 of each year and shall cover the previous calendar year. The  
22 first report is for the 2019 calendar year and is due no later  
23 than May 31, 2020.

24 To the extent that a business issued a certificate of  
25 exemption under this Section has obtained an Enterprise Zone  
26 Building Materials Exemption Certificate or a High Impact



1 Business Building Materials Exemption Certificate, no  
2 additional reporting for those building materials exemption  
3 benefits is required under this Section.

4 Failure to file a report under this subsection (h) may  
5 result in suspension or revocation of the certificate of  
6 exemption. Factors to be considered in determining whether a  
7 data center certificate of exemption shall be suspended or  
8 revoked include, but are not limited to, prior compliance with  
9 the reporting requirements, cooperation in discontinuing and  
10 correcting violations, the extent of the violation, and  
11 whether the violation was willful or inadvertent.

12 (i) The Department shall not issue any new certificates of  
13 exemption under the provisions of this Section after July 1,  
14 2029. This sunset shall not affect any existing certificates  
15 of exemption in effect on July 1, 2029.

16 (j) The Department shall adopt rules to implement and  
17 administer this Section.

18 (Source: P.A. 101-31, eff. 6-28-19; 101-604, eff. 12-13-19;  
19 102-427, eff. 8-20-21; 102-558, eff. 8-20-21.)