

February 24, 2025

**RE: Support for SF769**

Senator Rest and Members of the Senate Committee on Taxes:

On behalf of the nearly 200 technology-enabled companies that comprise the membership of the Minnesota Technology Association, I'm writing to voice our support of SF769 which provides for sales tax exemptions on purchases of information technology equipment and computer software for use in qualified large-scale data centers.

Data centers serve as the backbone of modern business operations, supporting cloud computing, artificial intelligence, and digital services. As Minnesota continues to position itself as a leader in the digital economy, fostering a competitive environment for large-scale data centers is critical to our state's economic growth, innovation capacity, and business resilience. Sales tax exemptions for data center equipment play a key role in attracting and retaining these high-value investments.

So why do data centers matter to Minnesota's economic and technological future?

**1. They Drive Economic Growth and Job Creation**

- Large-scale data centers represent hundreds of millions of dollars in capital investment, generating both direct and indirect economic benefits.
- They create high-wage jobs in IT, engineering, construction, and operations, along with indirect employment in local service industries.
- Investments in data centers stimulate rural and suburban economic development, as companies seek locations with strong infrastructure and energy capacity.

**2. They Enhance Business Competitiveness and Retention**

- Minnesota is home to a diverse economy, with major employers in healthcare, finance, retail, and manufacturing - all of which rely on secure, high-speed data access for their operations.
- Maintaining a competitive tax and regulatory environment ensures that businesses continue investing in Minnesota rather than shifting infrastructure to states offering more attractive incentives.

**3. They Strengthen Minnesota's Position as a Tech Hub**

- States like Iowa, Wisconsin, Texas, and many others aggressively compete for data center investments with tax incentives. Minnesota must maintain a level playing field to attract these projects.
- Data centers provide the foundation for emerging technologies, including artificial intelligence, cloud computing, and cybersecurity, all of which are key to economic expansion.

#### **4. They Enhance Sustainability and Energy Leadership**

- Minnesota's commitment to clean energy makes it an attractive location for environmentally conscious data center operators. Many data centers are designed with renewable energy integration, advanced cooling technologies, and carbon footprint reductions.
- Data center companies are often able to underwrite new infrastructure that utilities might not otherwise be able to fund on their own.
- Supporting data center investments aligns with Minnesota's long-term sustainability and economic resilience goals.

#### **5. They Ensure Digital Infrastructure Resilience**

- Data centers provide mission-critical infrastructure that ensures business continuity, disaster recovery, and cybersecurity for Minnesota's public and private sectors.
- Expanding local data infrastructure reduces reliance on out-of-state facilities, improving network reliability and national security protections.

Extending and enhancing the sales tax exemption maintains Minnesota's competitiveness in attracting large-scale data center investments, encourages long-term capital commitments from technology and enterprise companies, and supports business growth across all industries that depend on high-speed, secure, and scalable digital infrastructure.

We thank you for your leadership on this important investment in Minnesota's future.

Sincerely,



Jeff Tollefson  
President & CEO  
Minnesota Technology Association