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(Original Signature of Member)

119TH CONGRESS
2D SESSION

H. R. ______

To amend the Internal Revenue Code of 1986 to exempt qualified data center property from bonus depreciation, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Ms. MCDONALD RIVET introduced the following bill; which was referred to the Committee on ______________________________

A BILL

To amend the Internal Revenue Code of 1986 to exempt qualified data center property from bonus depreciation, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ‘‘Reverse Big Ugly Tax Breaks for Data Centers Act’’.

SEC. 2. EXEMPTING QUALIFIED DATA CENTER PROPERTY FROM BONUS DEPRECIATION.

(a) IN GENERAL.—Section 168(k)(2) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

"(I) EXCEPTION FOR QUALIFIED DATA CENTER PROPERTY.—

"(i) IN GENERAL.—The term 'qualified property' shall not include any qualified data center property.

"(ii) QUALIFIED DATA CENTER PROPERTY.—For purposes of this subparagraph, the term 'qualified data center property' means any property which—

"(I) is used in a covered data center, or

"(II) is located outside of a covered data center but dedicated to the operation of such data center.

"(iii) COVERED DATA CENTER.—For purposes of this subparagraph, the term 'covered data center' means a permanent or semipermanent structure, or group of such structures, which—

"(I) has a maximum rated power capacity or total peak power load in excess of 50 megawatts, and

"(II) is dedicated to the centralized accommodation, interconnection, and operation of information technology and network telecommunications equipment used for—

"(aa) data storage, processing, and transport services, or

"(bb) developing, providing training in, or operating artificial intelligence.

"(iv) ARTIFICIAL INTELLIGENCE.—For purposes of this subparagraph, the term 'artificial intelligence' has the meaning given such term in section 5002 of the National Artificial Intelligence Initiative Act of 2020.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property placed in service in taxable years beginning after the date of the enactment of this Act.

SEC. 3. DATA CENTERS NOT TREATED AS QUALIFIED OPPORTUNITY ZONE BUSINESS PROPERTY.

(a) IN GENERAL.—Section 1400Z–2(d)(2)(D) of the Internal Revenue Code of 1986 is amended by adding at the end the following new clause:

"(iv) EXCLUSION.—The term 'qualified opportunity zone business property' shall not include any covered data center (as defined in clause (iii) of section 168(k)(2)(I)) or any qualified data center property (as defined in clause (ii) of such section).".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property acquired in taxable years beginning after the date of the enactment of this Act.