Today, Wednesday, September 16, Congresswoman Kristen McDonald Rivet (MI-08) and Congressman Don Davis (NC-01) are leading 21 of their colleagues in introducing the ***Reverse Big Ugly Tax Breaks for Data Centers Act***, which would rein in tax giveaways for data center development.

Last year, Republicans' OBBBA significantly expanded tax breaks that would help spur the construction of AI data centers, paid for by cutting nearly $1 trillion from Medicaid and over $185 billion from food assistance. These tax breaks include:

- 100% Bonus Depreciation: making permanent a 100% bonus depreciation tax deduction, which allows companies to fully deduct the cost of capital expenditures in year one rather than over the lifetime of the property, and
- Opportunity Zones: renewing the Opportunity Zone (OZ) program, which allows investors to defer taxes on capital gains invested in the OZ and exclude gains generated by the OZ investment from taxable income for at least 30 years. It also provides an additional incentive for investments in rural areas through a higher stepped-up basis.

The *Reverse Big Ugly Tax Breaks for Data Centers Act* rolls back those tax breaks for large-load data centers. Specifically, the bill would:

- Definitions: Define data centers as structures dedicated to data storage, processing, and transport services, as well as the development, training, and operation of AI, which have a maximum rated power capacity or total peak power load in excess of 50 megawatts;
- 100% Bonus Depreciation Exclusion: Exclude data centers from being able to take the 100% bonus depreciation (section 168(k) of the IRC of 1986);
- Opportunity Zone Ineligibility: Make data centers ineligible as OZ businesses or investments (Section 1400Z–2(d)(2)(D) of the IRC of 1986);
- Effective Date: Effective the first taxable year after enactment.