



Written Only Testimony in Support of SB 51
House Taxation Committee
Mitch Robinson, KEDA Board Chair
March 6, 2025

Chairman Smith and Honorable Committee Members,

On behalf of the Kansas Economic Development Alliance (KEDA) please accept this testimony in support of Senate Bill 51 (SB 51) which provides sales tax exemptions for the construction, remodeling, and equipping of qualified data centers in our state. This legislation is a crucial step in fostering economic growth, job creation, and technological advancement in Kansas.

Economic Development and Job Creation: SB 51 will attract significant investments from data center operators and technology firms. The minimum investment requirement of \$250 million ensures that substantial and impactful projects will qualify, leading to the creation of high-quality jobs and stimulating local economies. According to a just released report by Perkins Coie, the U.S. data center market is poised for growth over the next 5 years alone of \$1 trillion. This is driven by expansion in artificial intelligence, gaming, online retail, and cybersecurity. This growth highlights the critical role data centers play in supporting the digital economy and technological advancements.

Technological Advancement: Data centers are the backbone of today's technology infrastructure. By encouraging their development, Kansas can position itself as a leader in this sector. This will not only attract businesses but also promote innovation and research in various industries. SB 51 helps Kansas overcome cost barriers tied to ongoing investments data centers make and the sales taxes on those investments that our peer states do not charge.

Support for Local Communities: The construction and operation of data centers bring numerous benefits to local communities, including increased tax revenue, improved infrastructure, and the creation of ancillary businesses. The nature of data centers requires a steady base of construction jobs followed by technology support businesses on an ongoing basis. SB 51 will ensure that these benefits are realized, contributing to the overall well-being and prosperity of our state across multiple types of businesses.

Kansas SB 51 is legislation that will have a lasting positive impact on our state's economy, technology sector, and communities. KEDA recommends the legislature to pass this bill and help make Kansas a hub for technological innovation and economic growth.

Thank you for your consideration.