2025-2026 General Assembly

SENATE BILL 257: 2026 Appropriations Act, Sec. 44.4: Repeal Sales Tax Exemption on Electricity for Datacenters

Analysis of:	S.L. 2026-41, Sec. 44.4	**Date:**	August 14, 2026
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Section 44.4 of S.L. 2026-41 (Senate Bill 257), as amended by Section 11.3(a) of S.L. 2026-42 (House Bill 56), repeals the sales and use tax exemption for electricity used in datacenters and holds cities harmless with respect to the portion of tax proceeds distributed to cities. To effectuate the hold harmless, the Department of Revenue must identify the amount of tax proceeds that are derived from sales of electricity to datacenters. Therefore, the provision requires purchasers of electricity for use at a datacenter to report within 30 days of the end of each quarter to the Secretary the amount of tax paid on electricity.

This section became effective July 7, 2026, and applies to the first billing period that starts on or after that date and is at least 30 days after that date.