



This Week in State Tax (TWIST)

June 22, 2026



Arizona – Grand Canyon State enacts three-year moratorium on sales tax preferences for new data centers

As part of the Arizona Fiscal Year 2027 budget, Governor Hobbs recently signed a bill implementing a three-year moratorium on new data center tax incentives. The state's Computer Data Center (CDC) tax incentive program currently provides up to ten years of state and local sales and use tax exemptions on qualifying equipment purchases, subject to capital investment thresholds. The growing use and annual revenue impact of the program drew scrutiny from state lawmakers concerned about the revenue impact and infrastructure strain.

Specifically, the bill provides that no new CDC certification applications will be accepted by the Arizona Commerce Authority from July 1, 2026, through June 30, 2029. The moratorium applies retroactively "from and after June 30, 2026," meaning any new CDC application must be completed and submitted by June 30, 2026, to be considered under current law. Computer data centers that had completed state certification requirements and qualified for Arizona incentives prior to the moratorium implementation will retain their tax preferences, as the freeze applies only to new applications. The moratorium will sunset on June 30, 2029, after which the CDC program application window is scheduled to reopen barring further legislative changes. For questions regarding Arizona [H.B. 4168](#), please contact [Eric Gee](#) and [Brian Phillips](#).

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