BEFORE THE IOWA DEPARTMENT OF REVENUE
HOOVER STATE OFFICE BUILDING
DES MOINES, IOWA

IN THE MATTER OF ALPS US LLC 2715 TECHNOLOGY PKWY CEDAR FALLS IA 50613-7060 SALES/USE/EXCISE TAX	**DECLARATORY ORDER** DOCKET NO. 1333034

Pursuant to a Petition for Declaratory Order ("Petition") filed with the Iowa Department of Revenue ("Department") by ALPS US LLC (hereinafter referred to as "ALPS US" or "Petitioner") on May 19, 2026, and in accordance with Iowa Code section 17A.9(2026) and Iowa Administrative Code rule 701—4.7(17A)[1], "Declaratory order-in general," the Director issues the following order.

I. FACTS

The findings of fact are based on the Petition and additional facts requested by the Department. The Petitioner owns and operates specialized computing servers located at a facility in Manchester, Iowa. Pet. at 2, No. 1333034 (May 19, 2026). The business output at the facility is to receive, compute, and validate electronic data in the process of bitcoin mining. Response to Request for Additional Information, No. 1333034 (June 24, 2026). This is accomplished by using specialized computing servers that conduct large volumes of cryptographic calculations, evaluate the resulting outputs against the applicable target, and electronically transmit qualifying computational results, also known as mining shares. *Id.* Other equipment present at the facility

[1] As of July 1, 2026, Iowa Administrative Code rule 701—4.7 on Declaratory Orders is rescinded. 2026 Iowa Acts, Senate File 2463, Section 4, Subsection 4. The Department of Revenue's Administrative Code rules on Declaratory Orders are now found in Iowa Administrative Code chapter 701—2503. As the Petition was filed prior to this date, citations are made to rule 4.7.

includes monitoring and operational systems to supervise the status and performance of the servers, electrical equipment, cooling systems, and internet connections. *Id.*

Petitioner owns and operates the specialized computing servers used in the process of bitcoin mining. Pet. at 2. A related entity, Dolomiti US LLC, owns the land that Petitioner's facility sits on, and provides supporting infrastructure, including energy and hosting services. *Id.* These entities are under common ownership, under their shared parent company Alps Blockchain S.p.A. *Id.* Petitioner's investment into the facility to date includes $40 million, including $29.6 million investment in data processing equipment. *Id.* Dolomiti US LLC has invested approximately $13 million in building assets and $1 million in computing infrastructure that is required for data center operations. *Id.* Neither Dolomiti US LLC nor Alps Blockchain S.p.A are parties to this Order. Petitioner submitted this Petition to ask the Director whether they could qualify as a data center business for purposes of receiving exemptions under Iowa law.

II. ISSUES PRESENTED

The Petition presented the following questions:

1. Whether the Taxpayer qualifies as a "data center business" under Iowa law where it operates a facility consisting of networked computing equipment used to process and validate digital transaction data.
2. Whether the Taxpayer's equipment, infrastructure, and related systems, including equipment and systems provided through related entities that are integral to the operation of the facility, constitute "computers and equipment" used in the operation of a data center for purposes of the Iowa sales and use tax exemption and refund provisions.
3. Whether the Taxpayer will not be required to pay use tax or be allowed to claim a refund of Iowa sales or use tax paid on qualifying purchases made prior to formal certification as a data center business, provided that all statutory requirements are otherwise satisfied.
4. Whether the Taxpayer's current approximately $29.6 million investment in qualifying data processing equipment, together with

anticipated future qualifying investment expected to exceed $200 million, satisfies the applicable statutory investment thresholds required for certification as a data center business by the Iowa Economic Development Authority.

5. Whether qualifying data center equipment and infrastructure may also qualify for exemption from Iowa property taxation pursuant to Iowa Code provisions applicable to data center businesses and related economic development incentives.
6. In the alternative, whether the Taxpayer's equipment qualifies for exemption under Iowa Code section 423.3(47) as machinery, equipment, or computers directly and primarily used in processing.

III. STANDARD OF REVIEW

A. Declaratory Orders under the Iowa Administrative Procedure Act

Iowa's Administrative Procedure Act ("IAPA") was enacted "to provide a minimum procedural code for the operation of all state agencies when they take action affecting the rights and duties of the public." Iowa Code § 17A.1(2). Under the IAPA, "[a]ny person may petition an agency for a declaratory order as to the applicability to specified circumstances of a statute, rule, or order within the primary jurisdiction of the agency." *Id.* at § 17A.9(1)(a). The IAPA also describes agency rights and responsibilities with respect to declaratory order proceedings. *Id.* at § 17A.9(8). Pursuant to Iowa Code section 17A.9(2), the Department adopted Iowa Administrative Code rule 701—4.7, which outlines department-specific rules governing declaratory orders.

The purpose of a declaratory order is to provide a "generally available means for persons to obtain reliable information about agency administered law as it applies to their particular circumstances." *Sierra Club Iowa Chapter v. Iowa Dep't of Transp.*, 832 N.W.2d 636, 647 (2013) (citing Arthur Earl Bonfield, Amendments to Iowa Administrative Procedure Act, Report on Selected Provisions to Iowa State Bar Association and Iowa State Government, 1–8 (1998)). Declaratory orders are not contested cases that "entitle[] parties affected by the agency action to an adversarial

hearing" in order to "adjudicate disputed facts pertaining to particular individuals in specific circumstances." *Greenwood Manor v. Iowa Dep't of Pub. Health, State Health Facilities Council*, 641 N.W.2d 823, 834 (Iowa 2002); *see also* Iowa Code § 17A.12. Instead, the IAPA "contemplates declaratory rulings by administrative agencies on purely hypothetical sets of facts." *City of Des Moines v. Pub. Emp't Relations Bd.*, 275 N.W.2d 753, 758 (Iowa 1979).

As such, "[t]he procedure established by section 17A.9 allows persons to seek formal opinions on the effect of future transactions and arrange their affairs accordingly." *Bennett v. Iowa Dep't of Nat. Res.*, 573 N.W.2d 25, 26 (Iowa 1997). Declaratory orders issued by an administrative agency do, however, have "the same status and binding effect as any final order issued in a contested case proceeding." Iowa Code § 17A.9(7). The Department's rules governing declaratory orders are consistent with this understanding of the role of declaratory orders in administrative procedure. *See* Iowa Admin. Code r. 701—4.7.

B. Statutory Construction and Interpretation of Tax Statutes

"When engaging in statutory interpretation," the Department "first examine[s] the language of the statute and determine[s] whether it is ambiguous." *Kay-Decker v. Iowa State Bd. of Tax Review*, 857 N.W.2d 216, 223 (Iowa 2014) (citing *Rolfe State Bank v. Gunderson*, 794 N.W.2d 561, 564 (Iowa 2011)). "'Generally, we presume words used in a statute have their ordinary and commonly understood meaning.'" *Id.* (quoting *McGill v. Fish*, 790 N.W.2d 113, 119 (Iowa 2010)). "[L]egislative intent is expressed by what the legislature has said, not what it could or might have said. When a statute's language is clear, we look no further for meaning than its express terms. Intent may be expressed by the omission, as well as the inclusion . . . of statutory terms . . . ." *Hawkeye Land Co.*

v. Iowa Utils. Bd., 847 N.W.2d 199, 210 (Iowa 2014) (quoting *State v. Beach*, 630 N.W.2d 598, 600 (Iowa 2001)). The Iowa Supreme Court, in *Chickasaw County Board of Review v. Property Assessment Appeal Board*, determined that "we will construe tax statutes according to their ordinary meaning and apply the same principles of construction we apply to any other type of statute." 36 N.W.3d 273, 283 (2026).

IV. DISCUSSION

A. Petitioner's Qualification for the Sales Tax Exemption for Data Center Businesses

Iowa Code section 423.3(95) provides a sales tax exemption for "[t]he sales price from the sale of computers and equipment that are necessary for the maintenance and operation of a data center business and property whether directly or indirectly connected to the computers." Petitioner asks whether their equipment, infrastructure, and related systems would be considered computers and equipment necessary for the maintenance and operation of a data center business. Petitioner states that "[t]he Facility contains 4,332 Bitmain Antminer S21+ Hydro ASIC servers owned and operated by the Petitioner." Response to Request for Additional Information, No. 1333034 (June 24, 2026). The specialized servers receive computational work, perform Bitcoin-mining calculations, and transmit the resulting data. *Id.* There are also monitoring and operational systems that supervise the status and performance of the servers, electrical equipment, cooling systems, and internet connections. "These systems collect information such as equipment availability, computing performance, temperatures, electricity consumption, alarms, errors, and maintenance events." *Id.* This equipment is necessary for the operation and control of Petitioner's business.

In order for Petitioner's purchases of computers and equipment to be exempt from sales tax, they must meet all of the following requirements:

> (1) The purchaser shall be a data center business.
> (2) The data center business shall have a physical location in the state that is, in the aggregate, at least five thousand square feet in size that is used for the operations and maintenance of the data center business.
> (3) The data center business shall make a minimum investment in an Iowa physical location of two hundred million dollars within the first six years of operation in Iowa beginning with the date the data center business initiates site preparation activities, or the beginning date of the initial lease term of a data center, as applicable. The minimum investment includes the initial investment, including land and subsequent acquisition of additional adjacent land and subsequent investment at the Iowa location.
> (4) The data center business shall comply with the sustainable design and construction standards established by the state building code commissioner pursuant to section 103A.8B.
> (5) The data center business shall register with the department as a data center business.

Iowa Code § 423.3(95)(b). If Petitioner meets all of the requirements, the sales price from the sale of any purchases of computers and equipment that are necessary for the maintenance and operation of a data center business are exempt from tax, even if the sale to the data center business took place prior to all of the requirements being met. The exemption applies from the time the data center business begins operation in Iowa. A qualifying data center must "present an exemption certificate" to its retailer when making an exempt purchase. Iowa Code § 423.3(95)(b)(6).

1. Data center business

The first requirement to qualify for the exemption is that the Petitioner must "be a data center business." Iowa Code § 423.3(95)(b)(1). Iowa Code section 423.3(95)(f)(2) defines a data center business as "an entity whose business among other businesses, is to operate or lease a data center." A data center is defined as "a building rehabilitated or constructed to house a group of networked server computers in one physical location

in order to centralize the storage, management, and dissemination of data and information pertaining to a particular business, taxonomy, or body of knowledge." *Id.* § 423.3(95)(f)(1).

Petitioner is a computing facility engaged in the business of bitcoin mining. According to the facts provided by the Petitioner, "Petitioner's core economic activity is the high-volume processing of digital data—the continuous receipt, cryptographic computation, validation, and electronic transmission of mining-work data—and the storage, management, and dissemination of data described below are necessary and integral components of that data-processing activity." Response to Request for Additional Information, No. 1333034 (June 24, 2026). The category of "particular business, taxonomy, or body of knowledge" is broad, and bitcoin mining fits under the description of a particular business under this section. According to the facts provided, Petitioner stores, manages, and disseminates data related to the business of bitcoin mining. Therefore, Petitioner meets the definition of a data center business under this section, and Petitioner satisfies the first requirement to qualify for the sales tax exemption for data center businesses.

2. Physical location

The second requirement is that the Petitioner must "have a physical location in the state that is, in the aggregate, at least five thousand square feet in size that is used for the operations and maintenance of the data center business." Iowa Code § 423.3(95)(b)(2). According to the facts provided by the Petitioner, Dolomiti US LLC owns the land that Petitioner's data center facility is located on, while Petitioner owns the computing servers located in the facility. Petitioner did not specify the size of this physical location. Even if this physical location is at least 5,000 square feet in size, this

arrangement raises the question of whether Petitioner "has" a physical location if a different company owns the property the facility sits on.

In a previous Declaratory Order considering this question, the Director determined that a tenant occupying a property would "have" the property even though they were not the property owner because they were given rights of possession under a lease agreement. *In re Quality Technology Services LLC*, Iowa Dep't. of Revenue, Dec. Ruling No. 487047 (July 23, 2024). This conclusion was based on a plain language understanding of the word "have" as "to hold or maintain as a possession." *Id.* at 7–8 (quoting *Have*, Merriam-Webster.com Dictionary, (last visited July 9, 2024); *see also Have*, Merriam-Webster.com Dictionary, (last visited Sept. 9, 2026) (defining "have" as "to hold or maintain (something tangible or intangible) as a possession, privilege, entitlement, or responsibility").

The current situation, however, differs from the prior declaratory order because Petitioner has not stated that they are leasing the property. The property is owned by a company under common ownership. Under these facts, only Dolomiti US LLC "has" the physical location in Iowa. Even though the companies are under common ownership, Iowa Code section 423.3(95)(b)(2) requires the specific business claiming the exemption to "have" the physical location. Alps US LLC and Dolomiti US LLC are different businesses, and one entity "having" the physical location does not mean the other entity also "has" that physical location. Ownership of the physical location is not required, but Petitioner must have some right of possession in order to demonstrate that they "have" the physical location. Having failed to show they have a right of possession to physical location at least 5,000 square feet in size, Petitioner does not satisfy the second requirement.

3. Minimum investment

The third requirement is that "[t]he data center business shall make a minimum investment in an Iowa physical location of two hundred million dollars within the first six years of operation in Iowa." Iowa Code § 423.3(95)(b)(3). Petitioner has stated that to date they have invested approximately $40 million in the data center facility, including an approximately $29.6 million investment in data processing equipment. Pet. at 2. To date, this falls short of the required $200 million minimum investment, and Petitioner does not currently meet this requirement.

Petitioner has six years to make the required $200 million investment, "beginning with the date the data center business initiates site preparation activities, or the beginning date of the initial lease term of a data center, as applicable." Iowa Code § 423.3(95)(b)(3). This language requires the data center business claiming the exemption to either initiate site preparation activities or lease the physical location. *See id.* Petitioner did not state they are leasing the physical location. Petitioner stated site preparation activities began in December of 2024, but Petitioner did not specify they initiated the site preparation activities. If ALPS US initiated site preparation activities, they have until December of 2030 to meet the $200 million minimum investment. However, if Dolomiti US LLC was the only entity to initiate site preparation activities, and Petitioner is not leasing the physical location, Petitioner cannot satisfy this requirement.

4. Sustainable design and construction standards

The fourth requirement is that Petitioner must "comply with the sustainable design and construction standards established by the state building code commissioner." Iowa Code § 423.3(95)(b)(4). The sustainability standards are governed

by the building code commissioner pursuant to Iowa Code section 103A.8B. The sustainability standards are generally met if:

> [T]he building receives certification from the United States Green Building Council at the Certified level or better in the Leadership in Energy and Environmental Design (LEED) green building rating system and if the building complies with the requirements of ASHRAE 90.1 2007, Energy Standard for Buildings Except Low-Rise Residential Buildings, published by the American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE).

Iowa Admin. Code r. 481—301.34. Petitioner provided no facts to show they comply with these sustainability standards. Thus, Petitioner does not meet this requirement.

5. Registration and reporting

The fifth requirement is that Petitioner must "register with the department as a data center business" and "file an annual report with the department." Iowa Code § 423.3(95)(b)(5). Petitioner has not registered with the department as a data center business or filed an annual report. Thus, Petitioner does not meet this requirement.

6. Conclusion

Under the facts provided and the above analysis, Petitioner has only shown that they are a data center business under Iowa Code section 423.3(95)(b)(1). Petitioner has not shown they meet the other requirements under section 423.3(95)(b)(2) to (5), and Petitioner does not qualify for the sales and use tax exemption under section 423.3(95). While Petitioner only asked about the exemption under section 423.3(95), Iowa also offers a partial refund of sales and use tax paid by a data center business under Iowa Code section 423.4(7) and (8) with different requirements than section 423.3(95). If a data center business cannot qualify for the exemption under section 423.3(95), the business may be able to qualify for a partial refund under section 423.4(7) or (8).

B. Petitioner's Qualification for the Property Tax Exemption for Data Center Businesses

Petitioner also asked whether qualifying data center equipment and infrastructure may also qualify for exemption from Iowa property taxation. Iowa Code section 427.1(37) exempts from taxation:

> Property, other than land and buildings and other improvements, that is utilized by a data center business as defined in and meeting the requirements of section 423.3, subsection 95, including computers and equipment that are necessary for the maintenance and operation of a data center business and other property whether directly or indirectly connected to the computers.

Iowa Code § 427.1(37)(a). In order to receive the property tax exemption, the business has to meet the requirements of Iowa Code section 423.3(95). As discussed above, Petitioner does not currently meet the requirements of Iowa Code section 423.3(95) under the facts provided. The Department of Revenue does not have the ultimate authority to determine whether a taxpayer can receive a property tax exemption. The local assessor is generally responsible for exempting from taxation properties that meet the requirements for an exemption under Iowa law. The Director has previously determined that petitioning the Department for a Declaratory Order is not the proper mechanism for determining eligibility for a property tax credit or exemption. *See In re Chris E Cullen*, Iowa Dep't. of Revenue, Dec. Ruling No. 845851 (April 7, 2025). The local assessor generally has jurisdiction over awarding or denying property tax credits and exemptions.

C. Petitioner's Qualification for the Sales Tax Exemption for Computers, Machinery, or Equipment Directly and Primarily Used in Processing.

Petitioner also asked whether, in the event that they do not qualify for the sales tax exemption for data center businesses, they could qualify for the sales tax exemption under Iowa Code section 423.3(47) for computers, machinery, or equipment. Iowa Code section 423.3(47) provides a sales tax exemption for "[t]he sales price from the sale of computers, computer peripherals, machinery, equipment, replacement parts, supplies, and materials used to construct or self-construct computers, computer peripherals, machinery, equipment, replacement parts, and supplies" in certain situations. Iowa Code § 423.3(47)(a). One scenario that exempts these items from sales tax is if they are directly and primarily used in processing by a manufacturer. *Id.* § 423.3(47)(a)(1). Processing is defined as "a series of operations in which materials are manufactured, refined, purified, created, combined, or transformed by a manufacturer, ultimately into tangible personal property." *Id.* § 423.3(47)(d)(5). There are no facts demonstrating that Petitioner produces tangible personal property at any point, so it does not meet the definition of "processing." Therefore, Petitioner cannot qualify for the exemption under Iowa Code section 423.3(47) for computers and equipment directly and primarily used in processing.

V. CONCLUSION

Under the facts provided and the above analysis, Petitioner does not qualify for the sales tax exemption for data center businesses because they do not meet all of the requirements listed under Iowa Code section 423.3(95)(b). Petitioner does meet the definition of a data center business; however, Petitioner has not presented facts indicating that they satisfy the other requirements under Iowa Code section 423.3(95)(b)(2) to (5). If Petitioner can rectify these facts, or later become eligible under new facts, they could then qualify for the sales tax exemption or refund for data center

businesses. Additionally, Petitioner cannot qualify for the property tax exemption for data center businesses unless they meet all the requirements for qualification for the sales tax exemption. Finally, Petitioner does not qualify for exemption under Iowa Code section 423.3(47).

ORDER

THEREFORE, based on the facts presented, foregoing reasoning, and applicable provisions of the law, the Director finds the Petitioner does not qualify for the sales tax exemption or property tax exemption for data center businesses. The Director further finds the Petitioner does not qualify for the sales tax exemption for computers, machinery, or equipment directly and primarily used in processing.

Issued at Des Moines, Iowa this 23rd day of September, 2026.

IOWA DEPARTMENT OF REVENUE

By Mary Mosiman
Mary Mosiman, Director