

Fiscal Impact of Data Center Tax Exemption – based on a 10-year government audit of Virginia's Incentives

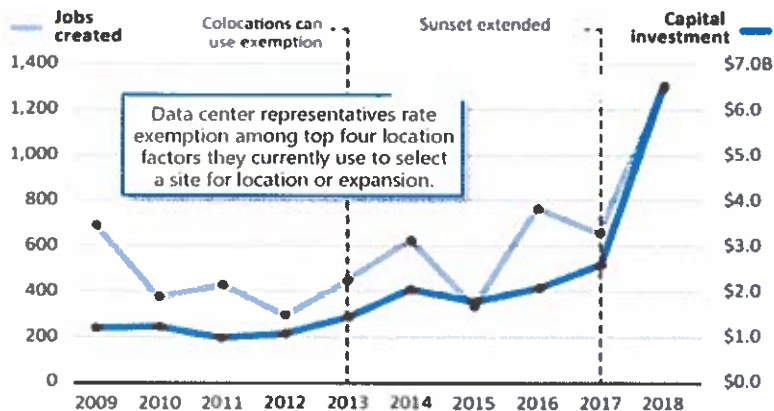


Virginia's legislative audit commission looked at 10 years of actual investment, jobs, and tax revenue realized due to the state's data center sales tax exemption. **The conclusions are impressive, and instructive:**

1 The sales tax incentive achieves its purpose.

JLARC found that 90 percent of data center investment made by companies that received the sales tax exemption would *not* have occurred in Virginia without the incentive.

Data center employment and investment have increased in Virginia as data center incentives have expanded



2 Over ten years, **75% of the sales tax exemption was recovered by the state.** And for 2016-17, data centers generated income tax and sales tax revenue **greater than the sales taxes it exempted.** In addition, data centers created thousands of jobs with billions of dollars in pay & benefits, plus billions in economic activity across the state.

3 At the county level, data centers generate property taxes that far exceed the cost of local government services provided. For every dollar in county expenditures that caused by data centers in 2018, counties realized from \$8 to \$18 in local property tax revenues.



What are the fiscal costs of data center sales tax exemptions for Michigan?

Based on a decade of actual experience in Virginia, the fiscal cost estimates for a Michigan data center sales tax exemption **should be reduced by 75%.**

Sources: [JLARC report on Data Center and Manufacturing Incentives, 2019](#), and [Mangum Economics, Impact of Data Centers on the State and Local economies of Virginia, 2020](#)

Support HB 5305 to bring hyperscale data centers to Michigan

Spur millions in new investment and create family-wage jobs



Data centers are the backbone of the internet and the foundation of our modern economy. Hyperscale data centers average \$750 million in initial investment, drive millions more in local economic development, and create hundreds of local jobs

How can Michigan compete with other states for this growing industry and investment?

Create a data center program that recognizes their unique investment in equipment and construction — like Indiana, Illinois, Ohio, Minnesota, and Pennsylvania have done.

\$200 million in annual economic output from each hyperscale data center*



1,200 construction jobs

\$106 million in construction worker pay & benefits



100 full-time operations jobs

\$150,000 average pay & benefits plus 300 additional jobs



Generates millions in income tax, fees, and property tax to support schools and localities

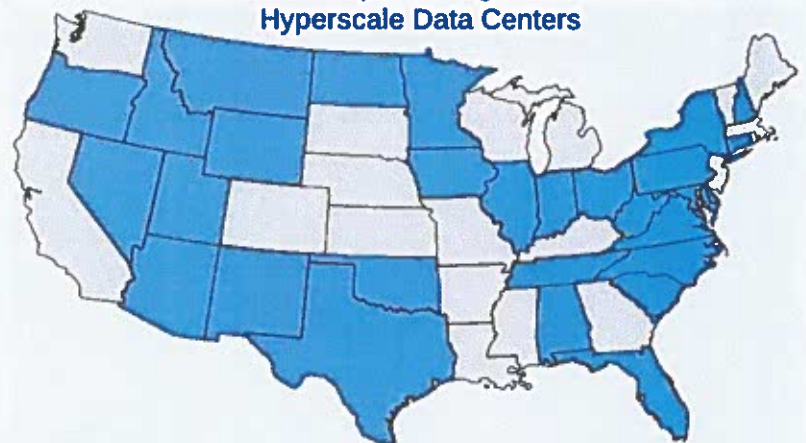
* Michigan Data Center Study, Mangum Economics, March 2020

Putting Michigan on the Map

Sales Tax Exemption Programs To Attract Hyperscale Data Centers

HB 5305 will put Michigan in the running for multi-million dollar, long-term data center investments.

States all over the country are enacting or extending hyperscale data center programs, with Arizona, Connecticut, Pennsylvania, and North Dakota passing laws this year.



NetChoice

○ Minimal or No Exemption (19)
● Long-Term Sales Tax Exemption (29)