

SUPPORT HB897

Topic: Tax Exemption for Data Centers

Bill Patron: Del. Sullivan

OVERVIEW:

This bill would add clean energy and other important requirements to the current data center tax exemption. Specifically, for a data center operator to qualify for the exemption, it (1) cannot use polluting behind-the-meter generation (like mobile gas units); (2) must demonstrate that it is accelerating the clean energy transition; (3) utilizes non-carbon emitting backup generation or is taking specific steps to reduce the impacts of carbon-emitting backup power; and (4) has sufficiently invested in environmental management and energy efficiency measures.

REASONS TO SUPPORT:

- The data center tax break is by far Virginia's largest tax abatement program. With easily-fulfilled conditions, last year alone Virginia handed out \$1.6 billion in tax breaks to data center companies, including some of the most valuable companies in the world.
- Virginia needs to ensure that it only grants tax breaks to data center operators who not only align with existing policies and priorities, but are actively helping Virginia achieve its goals. Data center growth is placing tremendous strains on the grid, and these new conditions would help ensure that data centers are (a) doing their part to help reduce the strain on Virginia's grid, (b) advancing our clean energy transition, and (c) taking steps to mitigate other harmful effects, like local air pollution from backup generators.



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