

Commission on Local Government

Estimate of Local Fiscal Impact

2023 General Assembly Session | 01/16/23

In accordance with the provisions of 30-19.03 of the Code of Virginia, the staff of the Commission on Local Government offers the following analysis of legislation impacting local governments.

SB 1078: Siting of data centers; impacts on resources, site assessment. (Patron: Senator J. Chapman Petersen)

Bill Summary: Siting of data centers; impacts on resources; site assessment. Provides that any local government land use application required for the siting of a data center shall only be approved in areas where the data center (i) will have a minimal impact on historic, agricultural, and cultural resources and (ii) will not be within one mile of a national park or state park or other historically significant site. The bill also requires that prior to any such approval, a site assessment shall be performed to examine the effect of the data center on water usage and carbon emissions as well as any impacts on agricultural resources.

Local Fiscal Impact: **Net Additional Expenditure:** X **Net Reduction of Revenues:** X

Summary Analysis:

Number of Localities Responding: 6 Cities, 6 Counties, 5 Towns, 1 Other

Localities estimated a negative fiscal impact ranging from \$0 to \$260,000 over the biennium.

Most localities reported no immediate negative fiscal impact. However, several indicated a substantial but indeterminant fiscal impact if the provisions of the bill prevented a potential data center from locating in their locality. The fiscal impact in this instance would stem from the foregone real estate and personal property tax revenues the locality could have earned from the center.

A few localities identified fiscal impacts caused by the potential increase in resources needed to complete a site assessment study. Localities stated that while a project submitter typically covers the costs of any necessary site assessment studies (such as the one proposed in the bill), the bill text did not name the responsible party. As such, some localities noted a potential fiscal impact for conducting a site assessment study if the project submitter did not do so.

Net Reduction in Revenues: Itemized Estimates by Responding Localities

Locality	Juris	Real Estate Revenue Reduction		Personal Property Revenue Reduction		Sales Tax Revenue Reduction	
		FY23	FY24	FY23	FY24	FY23	FY24
City of Alexandria	City						
City of Danville	City						
City of Harrisonburg	City						
City of Manassas	City						
City of Norfolk	City						
City of Richmond	City						
Augusta County	County						
Mecklenburg County	County						
Montgomery County	County						
Prince George County	County						
Rappahannock County	County						
Roanoke County	County						
Northern Neck PDC	Other						
Town of Blacksburg	Town						
Town of Christiansburg	Town						
Town of Luray	Town		\$10,000		\$250,000		
Town of Marion	Town						
Town of Scottsville	Town						

Net Reduction in Revenues: Itemized Estimates by Responding Localities

Locality	BPOL Tax Revenue Reduction		Other Local Revenues Reduction		State Revenue Reduction		Penny Value of Decrease on Real Estate Rate*	Total Decrease in Revenues (Biennium Total)
	FY23	FY24	FY23	FY24	FY23	FY24		
City of Alexandria								\$0
City of Danville								\$0
City of Harrisonburg								\$0
City of Manassas								\$0
City of Norfolk								\$0
City of Richmond								\$0
Augusta County								\$0
Mecklenburg County								\$0
Montgomery County								\$0
Prince George County								\$0
Rappahannock County								\$0
Roanoke County								\$0
Northern Neck PDC								\$0
Town of Blacksburg								\$0
Town of Christiansburg								\$0
Town of Luray								\$260,000
Town of Marion								\$0
Town of Scottsville								\$0

Locality	Revenue Narrative by Responding Localities
City of Alexandria	
City of Danville	
City of Harrisonburg	
City of Manassas	While we do not currently have any data centers, there is one property in the city currently being developed for a data center. this legislation would severely restrict our ability to have data centers given the restrictions placed in the bill. Preventing a data center would eliminate potential revenues to help fund local services including schools. These additional revenues would lessen the burden of property taxes on our residents.
City of Norfolk	no impact
City of Richmond	While not a direct loss of revenues, there is a potential loss of future revenues by not allowing this use in some of our manufacturing districts.
Augusta County	
Mecklenburg County	The revenue impact of this proposal is dependent upon if any project that is in site plan review at the time of the effective date of the bill is allowed to proceed, or if the bill would automatically stop any project not already developed. Our County has a data center proposed on a site that meets the test proposed by paragraph A(ii). If denied this project would not cause any revenue impacts in the next two fiscal years, but ultimately, would likely cost the County millions in lost revenues, mostly from the removal of real estate revenue from the improvements built on the site and from the personal property revenue of various forms of equipment, namely computers. An exact number can not be quantified because of the timeline (buildings must be built) and lack of knowledge of the outfitting of each individual building in a evolving technology several years down the road.
Montgomery County	
Prince George County	This legislation would have no measurable fiscal impact for us.
Rappahannock County	
Roanoke County	
Northern Neck PDC	Deference should be given to the opinions of localities for this legislation as to whether the restrictions might limit rural areas from siting data centers in their localities.
Town of Blacksburg	No fiscal impact to Town revenues.

Locality	Revenue Narrative by Responding Localities
Town of Christiansburg	I do not anticipate any additional revenue.
Town of Luray	
Town of Marion	
Town of Scottsville	

*Penny value is defined as the amount a locality would need to raise their real estate tax rate to cover the fiscal impacts of the bill, assuming no other changes to revenues or expenditures. It is represented in terms of dollars (e.g., 0.01 is a one cent increase in the real estate tax rate, etc.).

Net Increase in Expenditures: Itemized Estimates by Responding Localities

Locality	Juris	Recurring Expense- Personnel		Recurring Expense - Operating		Recurring Expense - Capital		Recurring Expense - Other	
		FY23	FY24	FY23	FY24	FY23	FY24	FY23	FY24
City of Alexandria	City								
City of Danville	City								
City of Harrisonburg	City				\$0				
City of Manassas	City								
City of Norfolk	City								
City of Richmond	City								
Augusta County	County								
Mecklenburg County	County								
Montgomery County	County								
Prince George County	County								
Rappahannock County	County								
Roanoke County	County								
Northern Neck PDC	Other								
Town of Blacksburg	Town								
Town of Christiansburg	Town								
Town of Luray	Town				\$1,000				
Town of Marion	Town								
Town of Scottsville	Town								

Net Increase in Expenditures: Itemized Estimates by Responding Localities

Locality	Nonrecurring Expense - Operating		Nonrecurring Expense - Capital		Nonrecurring Expense - Other		Penny Value of Increase on Real Estate Rate*	Total Increase in Expenses (Biennium Total)
	FY23	FY24	FY23	FY24	FY23	FY24		
City of Alexandria								\$0
City of Danville								\$0
City of Harrisonburg		\$0						\$0
City of Manassas								\$0
City of Norfolk								\$0
City of Richmond								\$0
Augusta County		\$50,000						\$50,000
Mecklenburg County								\$0
Montgomery County								\$0
Prince George County								\$0
Rappahannock County								\$0
Roanoke County								\$0
Northern Neck PDC								\$0
Town of Blacksburg								\$0
Town of Christiansburg								\$0
Town of Luray								\$1,000
Town of Marion								\$0
Town of Scottsville								\$0

Locality	Expenditure Narrative by Responding Localities
City of Alexandria	The City anticipates that any review that may be required by DROW will be within the scope of reviews currently conducted by DROW. Given that number of such projects are not expected to be big portion of development projects, I do not see a fiscal impact that is going to be significant as a result of this legislation.
City of Danville	
City of Harrisonburg	The bill is unclear in regard to who is responsible for reviewing/ensuring that the data center will have a minimal impact on historic, agricultural, and cultural resources as well as who is responsible for ensuring the site is not within one mile of a national park, state park, or other historically significant site. Additionally, it is unclear who is responsible for performing the site assessments to examine the effect of the data center on water usage and carbon emission. If the responsibility falls to the developer, the financial burden on the City would be relatively minimal other than any staff time to review the submitted land use applications.
City of Manassas	
City of Norfolk	no impact
City of Richmond	
Augusta County	<ul style="list-style-type: none"> -What are the time, cost and staffing implications of requirements for additional approval layers including a site assessment. -Estimate from recent site assessment quote - utility analysis, environmental assessment, historical and wildlife assessment, mapping work. -Could cause difficulties in meeting prospective company timelines.
Mecklenburg County	Provided that the cost of the site assessment called for in paragraph B is paid for by the submitter, as is common for such developmental projects, then no costs would be incurred by the locality. If, however, the locality must contract independently for the site assessment, the work would likely cost tens of thousands of dollars, perhaps even in the hundreds of thousands.
Montgomery County	Any site assessment would be required from the applicants/landowners/developers. The County would likely not incur in costs related to this bill.
Prince George County	This legislation would have no measurable fiscal impact for us.
Rappahannock County	
Roanoke County	We believe this requirement could potentially be included into our permit process.
Northern Neck PDC	PDCs have no local land use jurisdiction; deference should be given to the opinions of localities for this legislation and whether the restrictions would limit rural areas' ability to site data centers.
Town of Blacksburg	No fiscal impact to Town expenditures.

Locality	Expenditure Narrative by Responding Localities
Town of Christiansburg	I do not anticipate any additional costs for the Town.
Town of Luray	Increase expense to ensure Code compliance
Town of Marion	
Town of Scottsville	<p>This small town has not had any data center applications or construction, so this analysis is speculative.</p> <p>As written, the bill does not specify who performs and pays for the extra site assessment. Assuming it is like a traffic impact study, the Town would require the applicant to provide necessary technical data. The cost of analysis falls on the applicant, not the Town.</p> <p>If the cost were borne by the Town --for example if the applicant's study were not trusted --the cost of a professional study for water, agricultural, and carbon impacts might be in the \$10,000 to \$20,000 range. This cost estimate is based on experience with similar impact analyses for other topics.</p>

* Penny value is defined as the amount a locality would need to raise their real estate tax rate to cover the fiscal impacts of the bill, assuming no other changes to revenues or expenditures. It is represented in terms of dollars (e.g., 0.01 is a one cent increase in the real estate tax rate, etc.).