

# Commission on Local Government

## Estimate of Local Fiscal Impact

2024 General Assembly Session | 01/17/24

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.

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### **HB1010: Siting of data centers; parks, schools, and residential areas. (Patron: Ian T. Lovejoy)**

**Bill Summary: Siting of data centers; parks, schools, and residential areas.** Requires that any local government land use application required for the siting of a data center, as defined in the bill, be approved only for areas that are one-quarter mile or more from federal, state, or local parks, schools, and property zoned or used for residential use.

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

### **Summary Analysis:**

**Number of Localities Responding: 6 Cities, 8 Counties, 5 Towns, 1 Other**

Localities estimated a negative fiscal impact ranging from \$0 to \$.025 million over the biennium.

Most localities identified the bill's fiscal impact as the staff time required to make changes to their codes and enforcement of requirements. However, a few localities pointed out that this could have a more ambiguous negative impact by delaying or preventing the construction of data centers within their localities. In the instance that data center siting is limited, localities predict they could lose millions of dollars in revenue through lost permit revenues, incremental business personal property, and real estate taxes.



**Net Increase in Expenditures: Itemized Estimates by Responding Localities**

Locality	Nonrecurring Expense - Operating		Nonrecurring Expense - Capital		Nonrecurring Expense - Other		Total Increase in Expenses (Biennium Total)
	FY25	FY26	FY25	FY26	FY25	FY26	
City of Alexandria						0	0
City of Danville							
City of Harrisonburg	2000	2000	0	0	0	0	4,000
City of Richmond							
City of Winchester							
Lynchburg							
Bedford							
Charlotte County							
Chesterfield County							
Fauquier							
Mecklenburg County							
Montgomery County							
Prince George County							
Rappahannock County							
Northern Neck PDC							
Town of Blacksburg							
Town of Chincoteague							
Town of Christiansburg	2500	2500					25,000
Town of Marion							
Town of Victoria							
Wise County							

Locality	Expenditure Narrative by Responding Localities
City of Alexandria	The fiscal impact of this proposed bill is currently unquantifiable. The impact of the proposed bill on expenditures would be limited to the staff and public times necessary for the ordinance to be revised.
City of Danville	
City of Harrisonburg	One time costs would result from staff time needed to updated the City's codes. No revenue impacts are expected as a result of this legislation.
City of Richmond	No fiscal impact anticipated.
City of Winchester	
Lynchburg	Currently does not apply to Lynchburg
Bedford	
Charlotte County	
Chesterfield County	Will need to update application to include language and work the verification of distance from designated areas into the review process. Indirectly could result in the loss of opportunities of data centers being built.
Fauquier	

Locality	Expenditure Narrative by Responding Localities
Mecklenburg County	<p>It is difficult to quantify this bill. In summary, the bill would have a significant future negative cost impact on our County. First, what is the definition of "land use application"? Is this interpreted only for zoning or for zoning AND building applications? If only for zoning, impacts would be less because multiple County parcels are approved on a zoning basis for data center development, yet buildings included on the proposed site plans are yet to be constructed. Relatedly, does the definition cover sites previously approved with some buildings completed and in use, but not all proposed buildings built? Would this bill then allow said site to be used for data centers comprehensively, or only for those already built? Most buildings on approved sites take years to be developed; therefore, limitations on further development would cause revenue reductions relative to baseline, though most occur outside the two-year window in this fiscal impact statement. Additionally, how is the quarter mile measured? Is it from the parcel edge to parcel edge or from the identified item set out in the bill to the actual data center building within a site? Also, what is "used for residential use"? In many rural areas, there is really no distinction between a literal residential use (as opposed to "residential use" meaning neighborhood or single-family housing zoning) and agriculture or industrial zoning. Indeed, there could be a farm with one house near open land and a proposed site for data center. Does that one house automatically negate the ability to put in a data center under this bill?</p> <p>Due to these issues, a revenue forecast for the bill is problematic. Additionally, personal property for such a use ramps up over a period of time, it doesn't all get installed at once, thereby further undercutting a two-year revenue estimate as an appropriate measure for the impact of this bill. Nonetheless, in say 2030 or 2035, in the most stringent reading, if the sites currently approved in the County but not yet built were not to occur under the provisions vs. the baseline of no prohibition, this bill would cost the County annually no less than a million, and perhaps two million, in lost permit revenues of all kinds (especially building and trades related permits), tens of millions of incremental business personal property, particularly on computers and equipment, and tens of millions of real estate value from the improvements to property from the proposed to be built buildings.</p>
Montgomery County	
Prince George County	No material fiscal impact anticipated for Prince George County.
Rappahannock County	There is no predictable cost for Rappahannock County because Rappahannock County is not suitable for Data Centers owing to unavailability of water service and lack of appropriately zoned land. This said, land use decisions should remain vested with local governments and their citizens who can consider site specific circumstances. No material impact on revenues.
Northern Neck PDC	Planning districts have no local land use jurisdiction.
Town of Blacksburg	This bill is reasonable and already in accordance with the Town's current practice. No fiscal impact anticipated.
Town of Chincoteague	

Locality	Expenditure Narrative by Responding Localities
Town of Christiansburg	Although as a small locality, we would likely receive one application at the most per year, these regulatory requirements to the town would strain limited human resources during the time of the review. We would not anticipate any increase or decrease in revenue with this.
Town of Marion	
Town of Victoria	
Wise County	This bill would have a detrimental effect on Wise County. Any limitation to siting of Data Centers could cost the county millions of dollars in tax revenue.