



To: Lonnie Robbins
Chief Administrative Officer

From: Lawrence F. Twele
Chief Executive Officer

Re: Council Bill No. 38-2020; Data Centers Personal Property Tax Exemption - Enabling Legislation

Date: July 20, 2020

The Economic Development Authority is submitting updated tax revenue evaluation as support for Council Bill No. 38-2020, the Data Center Personal Property Tax Exemption enabling legislation.

Since submitting the petition for legislation enabling a tax credit incentive for qualified data centers, further research by the HCEDA has determined that there needed to be an update in the estimated economic impact of a data center project. The assessed value of the structure that was originally used during the previous calculations of the tax revenue for Howard County were very conservative and the HCEDA had previously used a value which was based upon the new warehouse construction in Howard County. However, after speaking with the author of the Magnum Economics Report, a builder who constructs data centers, and performing an audit of the assessment value of data centers in Northern Virginia, the HCEDA has determined that an assessment of \$71 per square foot is far too conservative.

The HCEDA has now recalculated the tax revenue for the county based upon a new building assessment value of \$250 per square foot, which is still conservative for the marketplace and use. The author of the Magnum Economics Report has confirmed that he has never seen a structure assess for less than \$250 per square foot, but depending on the use, data centers can assess for over \$1,000 per square foot. The builder confirmed these numbers to be accurate, citing the high costs that go into the structures power and cooling, as well as necessity for the structures to have very high tolerances.

HCEDA also performed an audit of data centers in Northern Virginia, researching the assessed values of the structures in various counties' taxation databases. HCEDA found 10 accounts across three counties, which supported the information provided by Magnum Economics and the builder. On average, the data centers in Northern Virginia, were assessed at \$587.18 per square foot.

Address	County	SF	Building Value	Price/SF
21350 PACIFIC BLVD	Loudoun County	593,574	\$ 220,296,880	\$371.14
43830 DEVIN SHAFRON DR	Loudoun County	113,148	\$ 45,774,230	\$404.55
45901 NOKES BLVD	Loudoun County	89,072	\$ 39,047,960	\$438.39
21111 Ridgetop Cir	Loudoun County	142,460	\$ 143,889,460	\$1,010.03
21701 FILIGREE CT	Loudoun County	679,455	\$ 242,765,550	\$357.29
1780 BUSINESS CENTER DR	Fairfax	264,888	\$ 113,877,010	\$429.91
1807 MICHAEL FARADAY CT	Fairfax	21,000	\$ 5,120,350	\$243.83
4030 LAFAYETTE CENTER DR	Fairfax	145,033	\$ 117,646,290	\$811.17
10880 AIRMAN AVE	Prince William	396,567	\$ 494,345,100	\$1,246.56
7400 INFANTRY RIDGE RD	Prince William	109,800	\$ 61,375,100	\$558.97
			Average:	\$587.18



Given this new information, HCEDA has adjusted the value of a structure in Howard County to a conservative \$250 per square foot and has included the updated tax charts and graphs below using this new value.

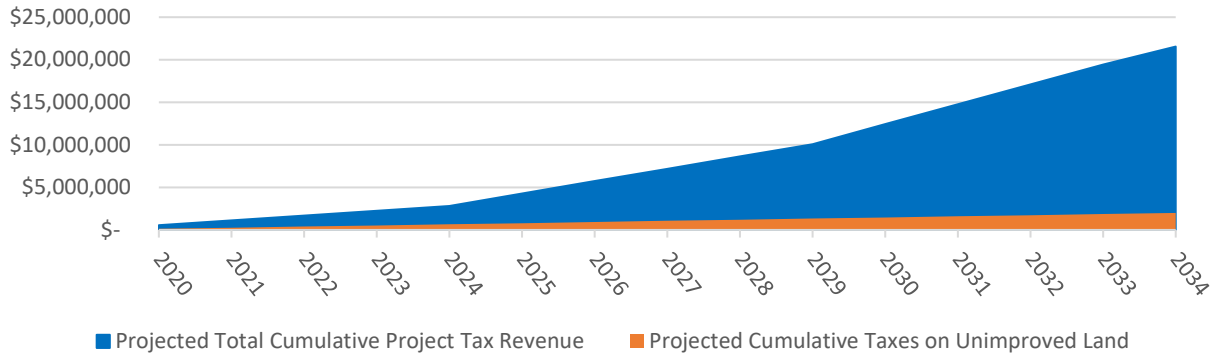
Data Points Used for Calculations

Land Size in AC	35
Building size in SF	100,000
Land Assess / AC	\$286,000
Improved Land / AC	\$500,000
Building Assess Per SF	\$250
Pers. Prop	\$350,000,000
Property Tax (per 1\$):	\$ 0.01330
Personal Property:	\$ 0.02535
5 Year Adjusted	\$ 0.00254
10+ Year Adjusted Rate	\$ 0.00507

Projected Total Cumulative Project Tax Revenue Over 15 Years

YEAR	Projected Cumulative Taxes on Unimproved Land	Projected Cumulative Taxes on Improved Land	Projected Cumulative Taxes on the Building	Projected Cumulative Total Real Property Taxes	Projected Cumulative Personal Property Taxes	Projected Total Cumulative Project Tax Revenue
2020	\$133,133	\$232,750	\$ 332,500	\$ 565,250	0	\$ 565,250
2021	\$266,266	\$465,500	\$ 665,000	\$ 1,130,500	0	\$ 1,130,500
2022	\$399,399	\$698,250	\$ 997,500	\$ 1,695,750	0	\$ 1,695,750
2023	\$532,532	\$931,000	\$ 1,330,000	\$ 2,261,000	0	\$ 2,261,000
2024	\$665,665	\$1,163,750	\$ 1,662,500	\$ 2,826,250	0	\$ 2,826,250
2025	\$798,798	\$1,396,500	\$ 1,995,000	\$ 3,391,500	\$ 887,250.0	\$ 4,278,750
2026	\$931,931	\$1,629,250	\$ 2,327,500	\$ 3,956,750	\$ 1,774,500.00	\$ 5,731,250
2027	\$1,065,064	\$1,862,000	\$ 2,660,000	\$ 4,522,000	\$ 2,661,750.00	\$ 7,183,750
2028	\$1,198,197	\$2,094,750	\$ 2,992,500	\$ 5,087,250	\$ 3,549,000.00	\$ 8,636,250
2029	\$1,331,330	\$2,327,500	\$ 3,325,000	\$ 5,652,500	\$ 4,436,250.00	\$ 10,088,750
2030	\$1,464,463	\$2,560,250	\$ 3,657,500	\$ 6,217,750	\$ 6,210,750.00	\$ 12,428,500
2031	\$1,597,596	\$2,793,000	\$ 3,990,000	\$ 6,783,000	\$ 7,985,250.00	\$ 14,768,250
2032	\$1,730,729	\$3,025,750	\$ 4,322,500	\$ 7,348,250	\$ 9,759,750.00	\$ 17,108,000
2033	\$1,863,862	\$3,258,500	\$ 4,655,000	\$ 7,913,500	\$11,534,250.00	\$ 19,447,750
2034	\$1,996,995	\$3,491,250	\$ 4,749,430	\$ 8,240,680	\$13,308,750.00	\$ 21,549,430

Projected Total Cumulative Project Tax Revenue (15yr Forecast)



Projected Annual Project Tax Revenue Over 30 Years

YEAR	Projected Yearly Taxes on Unimproved Land	Projected Yearly Taxes on Improved Land	Projected Yearly Taxes on the Building	Projected Total Yearly Real Property Taxes on Improved Land	Projected Yearly Personal Property Taxes	Projected Total Yearly Project Tax Revenue
2020	\$ 133,133	\$ 232,750	\$ 332,500	\$ 565,250	\$ -	\$ 565,250
2021	\$ 133,133	\$ 232,750	\$ 332,500	\$ 565,250	\$ -	\$ 565,250
2022	\$ 133,133	\$ 232,750	\$ 332,500	\$ 565,250	\$ -	\$ 565,250
2023	\$ 133,133	\$ 232,750	\$ 332,500	\$ 565,250	\$ -	\$ 565,250
2024	\$ 133,133	\$ 232,750	\$ 332,500	\$ 565,250	\$ -	\$ 565,250
2025	\$ 133,133	\$ 232,750	\$ 332,500	\$ 565,250	\$ 887,250	\$ 1,452,500
2026	\$ 133,133	\$ 232,750	\$ 332,500	\$ 565,250	\$ 887,250	\$ 1,452,500
2027	\$ 133,133	\$ 232,750	\$ 332,500	\$ 565,250	\$ 887,250	\$ 1,452,500
2028	\$ 133,133	\$ 232,750	\$ 332,500	\$ 565,250	\$ 887,250	\$ 1,452,500
2029	\$ 133,133	\$ 232,750	\$ 332,500	\$ 565,250	\$ 887,250	\$ 1,452,500
2030	\$ 133,133	\$ 232,750	\$ 332,500	\$ 565,250	\$ 1,774,500	\$ 2,339,750
2031	\$ 133,133	\$ 232,750	\$ 332,500	\$ 565,250	\$ 1,774,500	\$ 2,339,750
2032	\$ 133,133	\$ 232,750	\$ 332,500	\$ 565,250	\$ 1,774,500	\$ 2,339,750
2033	\$ 133,133	\$ 232,750	\$ 332,500	\$ 565,250	\$ 1,774,500	\$ 2,339,750
2034	\$ 133,133	\$ 232,750	\$ 332,500	\$ 565,250	\$ 1,774,500	\$ 2,339,750
2035	\$ 133,133	\$ 232,750	\$ 332,500	\$ 565,250	\$ 1,774,500	\$ 2,339,750
2036	\$ 133,133	\$ 232,750	\$ 332,500	\$ 565,250	\$ 1,774,500	\$ 2,339,750
2037	\$ 133,133	\$ 232,750	\$ 332,500	\$ 565,250	\$ 1,774,500	\$ 2,339,750
2038	\$ 133,133	\$ 232,750	\$ 332,500	\$ 565,250	\$ 1,774,500	\$ 2,339,750
2039	\$ 133,133	\$ 232,750	\$ 332,500	\$ 565,250	\$ 1,774,500	\$ 2,339,750
2040	\$ 133,133	\$ 232,750	\$ 332,500	\$ 565,250	\$ 8,872,500	\$ 9,437,750
2041	\$ 133,133	\$ 232,750	\$ 332,500	\$ 565,250	\$ 8,872,500	\$ 9,437,750
2042	\$ 133,133	\$ 232,750	\$ 332,500	\$ 565,250	\$ 8,872,500	\$ 9,437,750
2043	\$ 133,133	\$ 232,750	\$ 332,500	\$ 565,250	\$ 8,872,500	\$ 9,437,750
2044	\$ 133,133	\$ 232,750	\$ 332,500	\$ 565,250	\$ 8,872,500	\$ 9,437,750
2045	\$ 133,133	\$ 232,750	\$ 332,500	\$ 565,250	\$ 8,872,500	\$ 9,437,750
2046	\$ 133,133	\$ 232,750	\$ 332,500	\$ 565,250	\$ 8,872,500	\$ 9,437,750
2047	\$ 133,133	\$ 232,750	\$ 332,500	\$ 565,250	\$ 8,872,500	\$ 9,437,750
2048	\$ 133,133	\$ 232,750	\$ 332,500	\$ 565,250	\$ 8,872,500	\$ 9,437,750
2049	\$ 133,133	\$ 232,750	\$ 332,500	\$ 565,250	\$ 8,872,500	\$ 9,437,750
2050	\$ 133,133	\$ 232,750	\$ 332,500	\$ 565,250	\$ 8,872,500	\$ 9,437,750
Total	\$ 4,127,123	\$ 7,215,250	\$ 10,307,500	\$ 17,522,750	\$ 119,778,750	\$ 137,301,500

Projected Annual Tax Revenue (30 yr Forecast)

