

WEST VIRGINIA'S NEW DATA CENTER LAW TAKES MONEY AND POWER FROM OUR COMMUNITIES

THE LAW (HB 2014) PROHIBITS NEARLY ALL AUTHORITY OF COUNTIES AND MUNICIPALITIES TO OVERSEE DEVELOPMENT OF DATA CENTERS AND MICROGRIDS

State law now mandates that High Impact Data Centers and microgrids are not subject to any county or municipal regulations, which means:

- no zoning or land use ordinances, restrictions, or limitations
- no building permitting, inspection, or code enforcement
- no license requirements
- no restrictions or limitations on development
- no legal jurisdiction except as specifically provided (which is limited to fees and municipal fire and police protection)**

THE STATE WILL NOW SEIZE MOST PROPERTY TAX REVENUE FROM DATA CENTER INVESTMENTS

Property taxes are largely a local tax, with more than 99 percent of property taxes raised staying in our communities to fund public schools, county services like emergency and fire response, and city services.

The new law seizes more than two-thirds of the property tax revenue from data center developments and diverts it from our schools and local services to state priorities, likely leaving counties and school districts with far less than they would have received from these developments under prior law (though the specifics are dependent on the county and project).



DATA CENTER TAX REVENUE COULD BOOST SCHOOLS AND LOCAL PUBLIC SERVICES IF IT STAYED IN OUR COMMUNITIES

Counties, municipalities, and school districts have limited ways to raise the revenue they need to pay for public schools and local public services, and the new data center law diverts property tax revenue—a key component of local budgets—to the state instead.

Local officials repeatedly tell state lawmakers they need help raising revenue for our schools and emergency response services, but instead, state lawmakers have taken away a key funding source for counties that experience data center development. If that revenue were to remain in our communities, it could fund needed investments and improvements to our schools, fire departments, emergency response, and other local public services.



What is a data center?

A data center is a large physical facility that houses IT infrastructure including computing and networking resources designed to store or process significant volumes of data. Data centers consume large quantities of energy to power them and water to cool them.



What is a microgrid?

A microgrid is a small electric system that uses energy resources to provide power to a defined customer or area. HB 2014 established the first allowable uses and rules for microgrids in West Virginia and says any microgrids must supply power to new businesses or facilities, not existing entities.

PROHIBITIONS ON LOCAL DECISION-MAKING INVITE IN THE WORST ACTORS AND UNDERMINE OTHER ECONOMIC PRIORITIES

Experts have warned that the prohibitions on local authority invite in the worst actors—developers drawn to a place due to its lack of regulation. In Virginia, where data center development is skyrocketing, policymakers are pushing to add regulations and environmental monitoring, rather than undermining or eliminating it.

These prohibitions also undermine other economic development, potentially even reducing other sources of GDP and tax revenue, like the strong tourism industry in West Virginia.

THE LAW REDISTRIBUTES LOCAL RESOURCES TO THE STATE'S WEALTHIEST HOUSEHOLDS AND UNDERMINES STATE-FUNDED PROGRAMS

When distributed as constitutionally required, local property taxes fund schools and local public services that benefit all households and businesses in a community. But the redistribution scheme in HB 2014 sends the largest chunk of diverted property tax revenue (50 percent) to fund reductions in the state's personal income tax, **where two-thirds of any tax benefit would go to the top 20 percent of households.**

This scheme also narrows our tax base rather than diversifying it, putting state programs like our school districts, Medicaid, and infrastructure investments at risk of cuts if even one data center were to close.

THE LAW IS LIKELY UNCONSTITUTIONAL

Property tax limits are enshrined in the West Virginia Constitution. Under Article 10, Section 1, the Tax Limitation Amendment, there is a strict limit of 1 cent per \$100 that the state may collect from property taxes. By seizing local property tax revenue, HB 2014 pushes the state's levy above its constitutional maximum.

If allowed to stand, this power grab sets a precedent to give future legislatures unchecked authority to seize other property tax revenue from local governments.

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Still have questions?

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