



COMMONWEALTH of VIRGINIA

Department of Taxation

January 6, 2023

To: The Honorable Janet D. Howell
Co-Chairwoman, Senate Finance and Appropriations Committee

The Honorable George L. Barker
Co-Chairman, Senate Finance and Appropriations Committee

The Honorable Barry D. Knight
Chairman, House Appropriations Committee

The Honorable Roxann L. Robinson
Chairwoman, House Finance Committee

Pursuant to 2021 House Bill 2273 and Senate Bill 1423 (Chapters 367 and 368 of the 2021 *Acts of Assembly*, Special Session I), the Department of Taxation ("the Department"), in collaboration with the Virginia Economic Development Partnership Authority ("VEDP"), is required to publish a biennial report on the sales tax exemption for data centers under 58.1-609.3 (18).

This report is required to include aggregate information on qualifying expenses claimed under this exemption, the total value of the tax benefit, a return on investment analysis that includes direct and indirect jobs created by data center investment, state and local tax revenues generated, and any other information the Department and VEDP deem appropriate to demonstrate the costs and benefits of the exemption. In addition, VEDP is authorized to publish on its website and distribute annual information indicating the job creation and ranges of capital investments made by a data center operator and, if applicable, its participating tenants, in a format to be developed in consultation with data center operators.

Because a full biennium has not passed since enactment of this requirement, the Department, in collaboration with VEDP, will publish the first official report in October 2023, following the publication of preliminary data on VEDP's website.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Craig M. Burns".

Craig M. Burns
Tax Commissioner

C: The Honorable Stephen E. Cummings, Secretary of Finance
Mr. Jason El Koubi, President and CEO, Virginia Economic Development Partnership