The Honorable Don Scott, Speaker
Room 1403
Virginia House of Delegates

The Hon. L. Louise Lucas
Room 1404
Virginia Senate

The Hon. Luke Torian
Room 1223
Virginia House of Delegates

The Hon. Scott Surovell
Room 1405
Virginia Senate

The Hon. Ryan McDougle
Room 1406
Virginia Senate

The Hon. Mamie Locke
Room 1407
Virginia Senate

The Hon. R. Creigh Deeds
Room 612
Virginia Senate

The Hon. Richard Stuart
Room 510
Virginia Senate

The Hon. Todd Pillion
Room 513
Virginia Senate

The Hon. Charniele Herring
Room 1402
Virginia House of Delegates

The Hon. Terry Kilgore
Room 1401
Virginia House of Delegates

The Hon. Betsy Carr
Room 1232
Virginia House of Delegates

The Hon. Delores McQuinn
Room 914
Virginia House of Delegates

The Hon. Paul Krizek
Room 1010
Virginia House of Delegates

The Hon. Terry Austin
Room 807
Virginia House of Delegates

The Hon. Rob Bloxom
Room 711
Virginia House of Delegates

March 9, 2026

Dear Budget Conferees and Legislative Leaders,

As major stakeholders in Virginia's business community, we write to express our serious concern about the Virginia Senate's proposal to terminate the state's successful Data Center Retail Sales and Use Tax (DCRSUT) exemption program. The proposal, if enacted, would do significant damage to one of the Commonwealth's most economically impactful industries and send an exceptionally negative message to other businesses across industries that are considering investment, relocation, or expansion in the Commonwealth of Virginia.

Multiple independent state studies have confirmed that the data center industry is one of the Commonwealth's true economic success stories, and that the DCRSUT exemption program delivers billions of dollars of value for Virginia taxpayers.

The General Assembly's Joint Legislative Audit and Review Commission (JLARC) found in its landmark 2024 study that "the data center industry is estimated to contribute 74,000 jobs, $5.5 billion in labor income, and $9.1 billion in GDP to Virginia's economy annually."

By prioritizing investments in local Virginia communities, data centers catalyze supply chain and service ecosystems, create jobs for thousands of construction professionals as facilities are built, and provide high quality, high wage jobs to support ongoing operations. Every data center comes with years of reliable support for local economies. For every one job in a data center, six additional jobs are supported in the broader economy.

The Virginia Department of Taxation recently found that, in just the last two years, the data center industry has invested more than $80 billion in Virginia and generated $5.3 billion in local and state tax revenue. This has produced a net tax benefit to Virginia and its localities of more than $2.1 billion above the value of the sales and use tax exemption.

JLARC and the Department of Taxation have stated that 90-100% of this investment and tax revenue would not have occurred "but for" the DCRSUT exemption program, meaning that "Virginia and its localities could have lost out on nearly $1.3 billion in net tax revenues from investments made in Fiscal Year 2024 – Fiscal Year 2025 (through 2029) without the DCRSUT exemption."

The Virginia Economic Development Partnership has similarly found that data center "investments are driving critical economic activity and generating substantial tax revenues across the Commonwealth at a time when federal workforce reductions and spending cuts are exerting temporary pressure on Virginia's economy." It further stated that "the DCRSUT exemption is essential for maintaining Virginia's lead in data center development" and that "eliminating the DCRSUT exemption would reduce net revenues by nearly $1.3 billion over five years."

During a time of economic challenge and uncertainty, it would be unwise to close our doors to an industry that is investing, hiring, growing, and delivering economic benefits in communities across Virginia.

We must also address the negative message this proposal sends to businesses of all sizes in all industries considering investment in Virginia.

The Commonwealth's reputation as a business friendly and economically dynamic state is built on the belief that Virginia is true to its word and keeps its commitments. When considering investing in Virginia, businesses want to know that contracts are reliable and that they can count on the Commonwealth's promises.

Data center developers and operators have invested hundreds of billions of dollars in Virginia, with billions more in the development pipeline, based on the Commonwealth's commitments to robust economic development.

To terminate those active agreements and abruptly end this program will cause every business to question Virginia's reliability as a partner in their growth and wonder if the Commonwealth stands behind its economic development programs and its commitments to its partners in the business community. Whether they are investing thousands, millions, or billions of dollars, companies will have to think twice before committing to a state that may change the rules unexpectedly.

The Senate's budget proposal will cause harm to the communities where data center projects are located or might be located, the many businesses across multiple sectors that support these projects, and the tens of thousands of Virginians across the state whose jobs are connected to digital infrastructure. It will also make business recruitment across industries more challenging and cause decisionmakers to look elsewhere when considering investment.

To protect Virginia jobs, tax revenues, and our reputation as one of the best states in America for business investment and job creation, we urge you to not advance this proposal.

1. Virginia Chamber of Commerce
2. Loudoun Chamber of Commerce
3. Prince William Chamber of Commerce
4. Greater Richmond Tech Council (RVATECH)
5. Northern Virginia Technology Council (NVTC)
6. NAIOP Northern Virginia, the Commercial Real Estate Development Association
7. Virginia Economic Developers Association (VEDA)
8. Richmond Area Municipal Contractors Association (RAMCA)
9. RVA 757 Connects
10. ChamberRVA
11. Northern Virginia Chamber of Commerce
12. AI Salon
13. Mt. Rogers Regional Partnership
14. Joint IDA of Wythe County
15. Virginia Association for Commercial Real Estate (VACRE)
16. Johnson Controls
17. Holder Construction
18. Clune Construction
19. ITI
20. Colonial Webb
21. Oasis Energy, LLC
22. Hourigan Construction
23. Digital Installation Group

24. Hirschler
25. Rosendin
26. Milestone Technologies
27. Carter Machinery Company, INC
28. Brooksource
29. Greenchip Recycling
30. Ameri-Cans
31. Paradigm Structural Engineers, Inc.
32. Hurt & Proffitt, Inc
33. Turn Key Data, LLC
34. Power Quest
35. Interstate Energy Systems
36. SteelFab
37. Munters
38. Parrish-Hare Power House
39. Clayco
40. Ryan Companies
41. Eaton
42. Cage Electric Products
43. Wired Products
44. Power Solutions
45. GreeneHurlocker
46. Contemporary Electrical Services
47. Gordon US LLC
48. Red Oak Construction
49. Hargis Engineers
50. Theseus Professional Services
51. Allan Myers
52. Masters Building Solution
53. Siemens
54. Peterson Companies
55. Daikin Applied Americans, Inc