

Draft Resolution: Recommendations on Virginia Legislation on Data Centers

WHEREAS, in December 2023 the Virginia General Assembly (GA) directed the Joint Legislative Audit and Review Commission (JLARC) to review the impacts of the data center industry in Virginia; and

WHEREAS, legislation on data centers in the 2024 GA session was paused until the JLARC report was completed; and

WHEREAS, on December 9th, 2024 the JLARC report was published; and

WHEREAS, the JLARC report contained eight Recommendations and ten Policy Options; and

WHEREAS, many of those Recommendations and Policy Options deal directly or indirectly with greenhouse gas emissions and water usage; and

WHEREAS, the major goals of the county Community Energy and Sustainability Master Plan (CESMP) are reduction of greenhouse gases and improving environmental resilience; and

WHEREAS, the stated purpose of the Sustainability Commission is to advise the Board of County Supervisors on the implementation of and improvements to the CESMP; and

WHEREAS, the Sustainability Commission has provided earlier recommendations on 2025 General Assembly legislative priorities that deserve support from Prince William County, and the data centers addressed by the JLARC study drive carbon emissions growth in the County, and thus are one of the most important issues for the CESMP;

NOW, THEREFORE, BE IT RESOLVED that the Sustainability Commission recommends that the Board of County Supervisors work towards achieving all eight of JLARC's Recommendations, as well as selected Policy Options identified in the JLARC report. This could include working with other local jurisdictions to lobby state legislators where new legislation is required; and

NOW, THEREFORE, BE IT FURTHER RESOLVED that Recommendations 2, 5, 6, 7, and 8, and Policy Options 4, 5, 6, 7 and 9 should be given priority for legislative and county action. Out of all the Recommendations and Policy Options, we see these as most important for achieving the goals of the CESMP; and

NOW, THEREFORE, BE IT FURTHER RESOLVED that the Sustainability Commission recommends that the BOCS pursue policy options that are more stringent than those identified by JLARC. Specifically, in addition to the conditions on the sales and use tax exemption that JLARC identified in options 4-7, the Commission strongly recommends that **the exemption should be conditioned on the use of clean (zero-carbon) electricity**, such as the provision in SB192 (introduced in the 2024 session) that would set a standard

for facilities such that they procure at least 90% clean electricity to qualify for the exemption; and

NOW, THEREFORE, BE IT FURTHER RESOLVED that the Commission strongly recommends that **the time horizon should be shortened for Policy Option 9** (Allow the sales and use tax exemption for data centers to expire in 2035). Given the various impacts of data centers, and the apparent hurdles in procuring clean electricity in a timely way to mitigate the enormous growth in electricity demand, **we recommend modifying Policy Option 9 to sunset the tax exemption in 2027 rather than 2035**. There is no need to incentivize data center development at this point, and this would have the effect of slowing data center growth in the short term. This would in turn reduce energy consumption and carbon emissions, improving the ability of Prince William County to achieve our carbon goals.