

End Big Tax Breaks for Data Centers!

An Action Guide to Influence State Budget Negotiations.

March - April, 2026

This month, Legislators in Richmond failed to reach an agreement on the state budget. They sent all House and Senate lawmakers home, and they now have one month to reach an agreement by April 23rd. At the core of the debate is the state's **massive tax break for data center corporations.**

What is the data center tax break? Legislators enacted a corporate tax exemption in 2008 to incentivise data centers to locate in Virginia. This was originally expected to cost only a few million dollars, but the data center industry has ballooned in Virginia, and so has this big tax giveaway. The tax exemption is the largest for any industry in the state, now reaching roughly **\$1.9 billion each year**, and will only continue to grow. By ending the tax break, that revenue could instead support essential services such as affordable childcare, healthcare access, school modernization, teacher pay raises, and tax relief for working families.

The State Senate put forward a budget proposal to end the data center tax break, but the House refused to agree to this position. **Legislators have until Thursday, April 23rd**, before they reconvene in Richmond for a special session to vote on the budget.

We have one month to influence the budget negotiations and tell our lawmakers to tax Big Tech!

Lawmakers have left Richmond and they are back home in their districts. Now is a critical time for Virginians to meet face-to-face with their representatives.

This action guide walks through step-by-step how to set up and hold an effective meeting. Our top ask is for lawmakers to **support the Senate's budget position to end massive tax breaks for data centers.**

Step by Step:

1. [Schedule your meeting](#)
2. [Plan your meeting](#)
3. [Show up & meet!](#)
4. [Follow Up](#)

[SIGN UP HERE](#) to coordinate with fellow constituents and organize a meeting with your State Senator or State Delegate at their home district office!

The last page of this action guide contains additional [background information](#) on data centers and the state tax exemption.

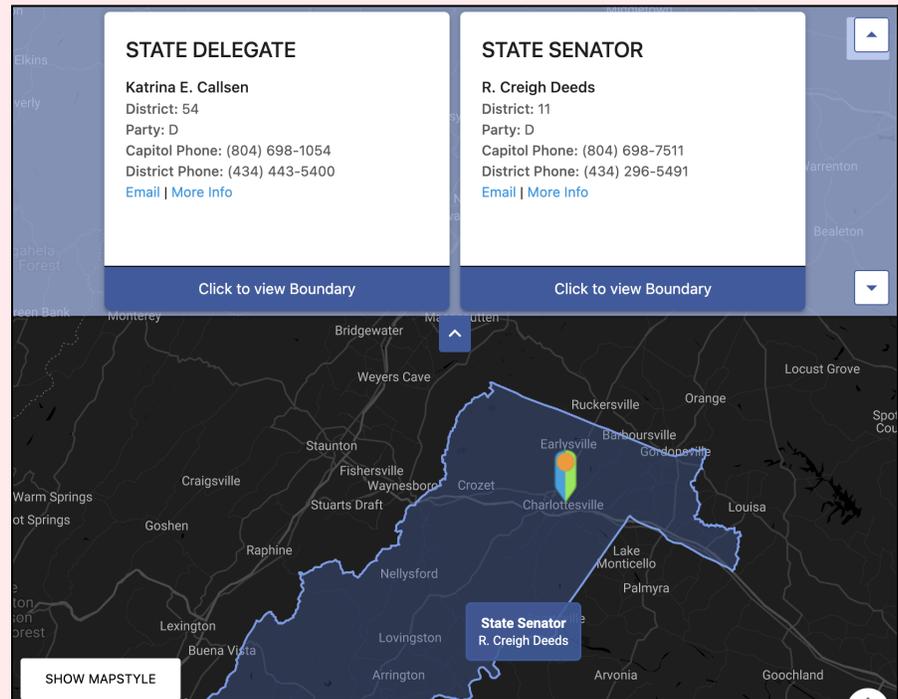
Thank you for stepping up to take action in this critical window of time!!

STEP 1: SCHEDULE YOUR MEETING

Look up your Representatives in the House & Senate: Everyone in Virginia has one State Delegate and one State Senator who represents them in the Virginia General Assembly. Use <https://whosmy.virginiageneralassembly.gov/> to find your representative by address or using the map feature.

To the right is an example of what this tool looks like for someone in Charlottesville.

Send an email and ask to schedule a meeting! Use the contact information on the webpage to schedule your meeting. Most offices use email for scheduling. It is great to follow up with a phone call, too, but it is recommended to send an email first so that the information is in their inbox.



Sample email:

Subject: Meet with constituents on the State Budget?

Body:

Dear Delegate/Senator __,

My name is __ and I live in ____. Would the Delegate/Senator be available to meet sometime [Wednesday through Friday next week between 3-7pm?]

Several of my neighbors and I are concerned about the impacts of data centers in our community and across the state. We would like to discuss the state budget before legislators return to Richmond for a vote. We support the Senate's budget position to eliminate big tax breaks for data centers.

My phone number is 703-XXX-4565.

Thank you!

STEP 2: PLAN YOUR MEETING

[SIGN UP HERE](#) to coordinate with fellow constituents and organize a meeting with your State Senator or State Delegate at their home district office!

1. Recruit for Your Meeting: Your office visit will be more powerful if you bring people with you! Data Centers and the corporate tax exemption affects all of us across Virginia. Think about inviting people from your community who can speak to these impacts and opportunities, such as:

- Someone whose electric bill went up this winter. Data centers are driving up the cost of electricity across the whole region.
- A teacher who would be supported by increased pay and school funding if we taxed data centers.
- A parent who would be supported by increased funding for childcare if we taxed data centers.
- Someone whose ACA health care costs have gone up, who would be supported if we taxed data centers.

2. Set a clear goal:

- Meeting with your State Delegate (member of the House), your goal is to urge them to support the Senate's budget position to end the tax exemption for data centers.
- Meeting with your State Senator, your goal is to thank them for their leadership with the Senate's proposal to end the data center tax exemption, and urge them to stand strong in negotiations and maintain their position to end the tax exemption.

3. Decide what you want to say during the meeting. Preparing ahead can help you craft a clear message to support an effective meeting. All good meetings should cover this basic agenda:

- 1. Introduction:** Who you are and where you live (or your group is if you're meeting from a group).
- 2. Purpose:** We are here to discuss the state budget debate, and encourage you to support the Senate's position to end the sales and use tax exemption for data centers.
- 3. Impacts:** Share how this impacts you and your group personally.
- 4. Clear ask:**
 - a. Will you support the Senate's budget position?
 - b. Will you vote no on any budget that does not amend the tax exemption for data centers?
- 5. Thank you!** Always thank your representative for their time.

4. Set Roles: If you're in a group of more than 3, it is likely that not everyone will be able to speak in the agenda. Here are two recommended roles for the meeting:

- 1. Meeting Lead:** Opens the meeting, sets the agenda, closes the meeting.
- 2. Spokes people:** Prepare to speak on specific topics, including sharing about direct impacts on their life, and/or making the clear ask to the representative.

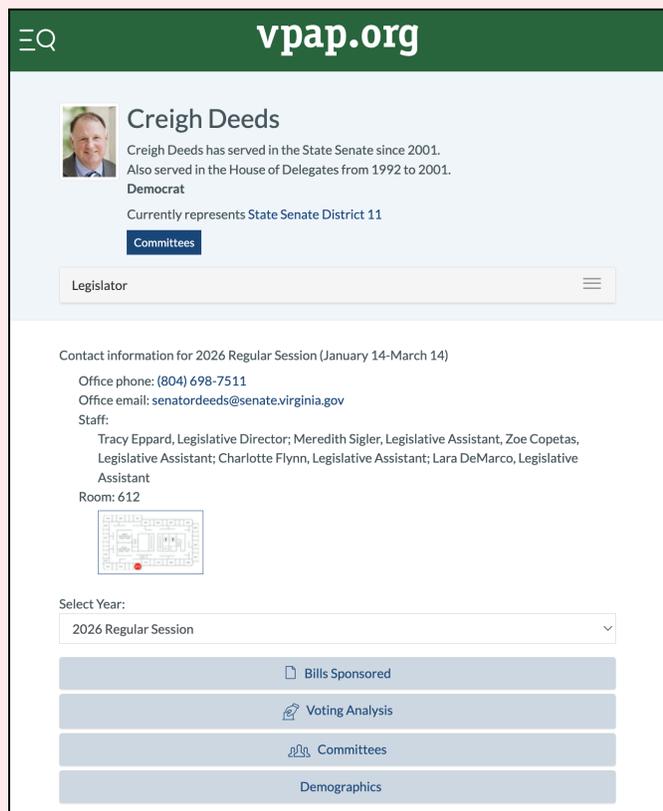
5. Have your materials ready. Print, bring and leave this [1-pager on the data center tax exemption](#) and [the four pillars of data center reform](#) behind with the office.

 **Tips for making a clear, strong ask:**

Legislators may be quick to have a reason why they can't do what you're asking them to do. Come prepared with follow-up asks that anticipate their response.

1. **First ask:** Will you support the Senate's budget position to eliminate the tax exemption for data centers?
 - a. *Potential push-back:* They may say that they're not on the budget negotiating committee and don't have power over this outcome. That's not true! They are elected to represent their district and their constituents in the legislature. If they say they don't have influence, have your follow-up asks ready:
- **Second ask:** Will you urge House leadership (Speaker of the House, Don Scott) to amend the House budget in line with the Senate's position to eliminate the tax exemption for data centers?
- **Third ask:** All legislators will have to vote on the final budget that the negotiating committee agrees to. Will you vote no on any budget that does not amend the tax exemption for data centers?

 **Tip!** If your legislator has led to address data center impacts, it's nice to thank them for their leadership at the start of the meeting. You can find a list of bills they carried this legislative session (January - March) on their [VPAP page](#). (On the screen shot, see "Bills Sponsored" which will open a list of the legislation they carried.)



The screenshot shows the profile page for Creigh Deeds on the vpap.org website. The header is green with the vpap.org logo. Below the header, there is a profile picture of Creigh Deeds, his name, and a brief bio: "Creigh Deeds has served in the State Senate since 2001. Also served in the House of Delegates from 1992 to 2001. Democrat. Currently represents State Senate District 11." There is a "Committees" button. Below this is a search bar labeled "Legislator". The main content area is titled "Contact information for 2026 Regular Session (January 14-March 14)" and lists office phone (804) 698-7511, office email (senatordeeds@senate.virginia.gov), and staff members: Tracy Eppard, Meredith Sigler, Zoe Copetas, Charlotte Flynn, and Lara DeMarco. There is a map of the state of Virginia with a red dot indicating the location of District 11. Below the map is a "Select Year:" dropdown menu set to "2026 Regular Session". At the bottom, there are four buttons: "Bills Sponsored", "Voting Analysis", "Committees", and "Demographics".

Have questions about planning for your meeting? [Email Jared Mummert](#), Senior Data Center Reform Campaign Coordinator at The Piedmont Environmental Council.

STEP 3: SHOW UP & MEET

You've prepped and planned, now it's time to show up and hold your meeting!

Make sure everyone is on the same page. If you're going with a group, agree on a meeting time and location near the office to gather beforehand. Before the meeting, be sure to agree on the agenda, choose who your spokespeople will be, and who will facilitate the meeting. Having clear roles will help your meeting go smoothly.

Here are a few reminders of things you don't want to forget:

- **Ask to take a photo with your legislator at the end of the meeting!**
- **Leave behind your documents:** [1-pager on the data center tax exemption](#) and [the four pillars for data center reform](#).

STEP 4: FOLLOW UP

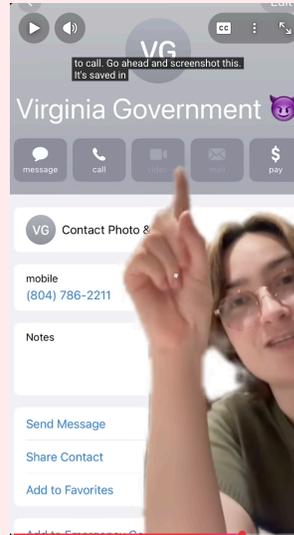
- 1. Send a follow-up email to the office to:**
 - a. Thank them for the meeting.
 - b. If they committed to any of your asks, recap the action they said they would take and thank them.
- 2. Send an email to the Virginia Data Center Reform Coalition listserv**
 - a. Share your experience, your legislators' perspective, and your group photo from the meeting.
Not a part of the [Data Center Reform Coalition](#)? [Email Jared](#) to be added.
- 3. Post on social media!**
 - a. Post your group photo on social media, and tag their office handle.

Background Information:

First, below are a couple of good, short videos about this budget debate:



@Kate_forthepeople has a great recap of the budget debate by the numbers up on [instagram](#).



@Allie_202_ also has a great recap of the debate and the dynamics of between the Senate and the new Governor up on [youtube](#).

FAQ: Data Center Sales Tax Exemption

1. What is the cost of the tax exemption over the years?

- 2009-2011: The exemption was originally projected to cost \$3.5 million over its first two years and scheduled to sunset in 2011.
- 2023: \$928 million¹
- 2024: Over \$1.2 billion²
- 2025: \$1.9 billion³ (That is a roughly 45,000% increase in the value of the subsidy over this original estimate.)⁴

2. How does the data center tax exemption compare to other state incentives?

In FY 2024, all state tax incentives combined, excluding the data center exemption, totaled \$279 million. In FY 2024, the data center tax exemption totaled \$1.2 billion, 81% of total economic incentive spending. This figure has gone up since then, with the FY26 exemption totalling \$1.9 billion.

¹ JLARC <https://jlarc.virginia.gov/pdfs/summary/Rpt598Sum.pdf>

² Pg. 3, JLARC. 2025: <https://jlarc.virginia.gov/pdfs/reports/Rpt611.pdf>

³ Pg. 3, Department of Taxation, 2026: <https://rqa.lis.virginia.gov/Published/2026/RD40/PDF>

⁴ VA Department of Taxation, 2008: <https://legacylis.virginia.gov/cgi-bin/leqp604.exe?081+oth+SB668FS1161+PDF>

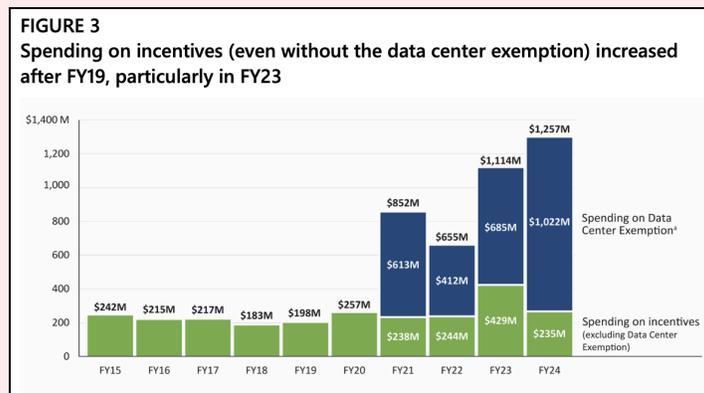


Figure from JLARC Economic Development Incentives 2025 Spending and Performance Report, pg. 5.

3. What purchases are exempt from sales tax?

The exemption applies broadly to operational infrastructure, including servers, routers, network connections, cooling systems, chillers, back-up generators, and other enabling equipment.⁵ Virginia’s data-center exemption explicitly covers equipment purchased later to upgrade, supplement, or replace existing equipment, not just the equipment installed when a facility is first built.

Data centers constantly replace major IT equipment, which means Virginia’s sales and use tax exemption can be used repeatedly over the life of a facility rather than just once at construction. The industry rule of thumb is that data center hardware is replaced every five years.⁶

In short, because data-center equipment turns over every few years and the exemption applies to replacement equipment, the policy functions as an ongoing tax shield for equipment purchases throughout the facility’s life, not merely an incentive tied to initial construction.

4. Many data centers have MOUs (memorandums of understanding) with the Virginia Economic Development Partnership (VDEP). Would it be wrong to amend the tax exemption given the MOUs already in place?

No, the template MOU between data centers and VEDP clearly states that the tax exemption is subject to change by the Virginia General Assembly. It is a common economic development practice to end subsidies when an industry has grown to a critical threshold. The exemption is meant to support an industry to get started. The text from the MOU is below:

“The Tax Exemption described in this MOU reflects the provisions of the Virginia Code as of the date of this Agreement. Changes made by the General Assembly in the applicable provisions of

⁵ § 58.1-609.3. - Section 17-18 <https://law.lis.virginia.gov/vacode/title58.1/chapter6/section58.1-609.3/>

⁶ VDEP Pg. 6, 2024: <https://rga.lis.virginia.gov/Published/2024/RD121/PDF>

the Virginia Code, including any change to the Sunset Date of the exemption, will be read into, and will be deemed to amend, this MOU. VEDP will provide the Company with written confirmation of any such change upon request.”⁷

101 on Virginia Data Centers:

- **Virginia is home to nearly 600 operational data centers, including 150 hyperscale data centers** – that’s over 35% of the global hyperscale capacity, all hosted in Virginia.
- **The rapid growth of data centers is creating an unprecedented demand for energy, land and water, and our communities are paying the costs.** Without any public review or oversight by the state, Dominion Energy has already contracted with data centers for a startling 47 gigawatts (GW) of electricity, which nearly triples its current peak capacity of Dominion’s electric grid, and is the equivalent of more than 29 nuclear power plants. Without strong regulatory and legislative intervention, the risks and costs of the immense infrastructure supporting data centers is destined to be passed on to all ratepayers, including other businesses and residents.
- **Data Center growth is harming community health:** Our electric companies are using these contracts to justify expensive and polluting energy infrastructure projects, including nuclear and gas power plants, and are delaying the retirement of coal plants. The Virginia Department of Environmental Quality has permitted thousands of diesel generators as back-up power for data centers, and it is now approving onsite gas turbines as primary power. The increasing use of fossil fuels by data centers threatens public health and exacerbates environmental and climate concerns.
- **Water consumption by data centers, particularly in the Potomac and Rappahannock river watersheds, is increasing at an alarming rate** — at the same time that much of the state is experiencing increased drought conditions. Like air quality impacts from generators, the cumulative impacts of water consumption from the many approved and operating data centers are not being tracked or assessed.

⁷ Pg. 11: <https://docs.google.com/document/d/1ZC6jhAqWQvLoplzFvePSKRc9iZVt2ch/edit>