PRINCE WILLIAM COUNTY

2024

DATA CENTER INDUSTRY

TAX REVENUE REPORT

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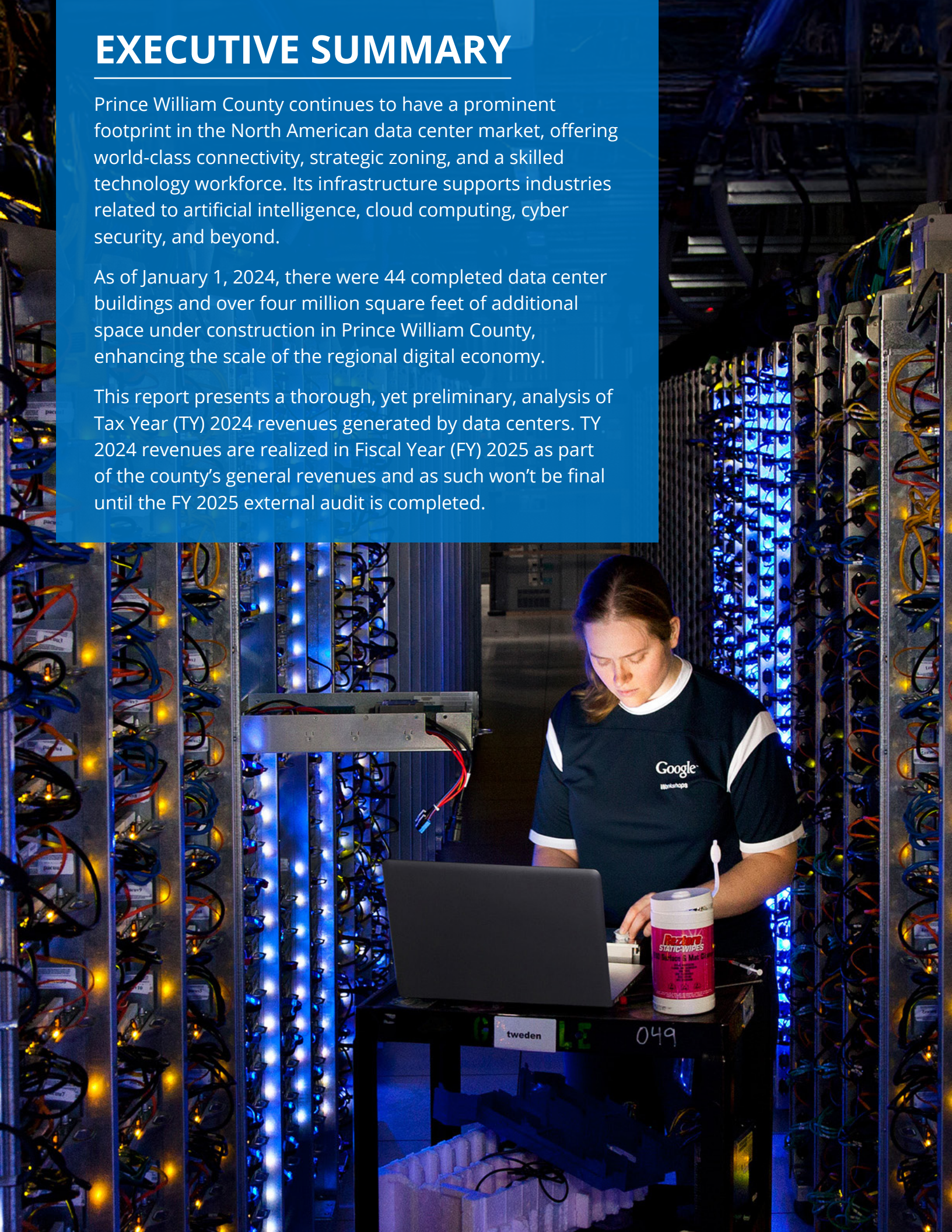
EXECUTIVE SUMMARY

Prince William County continues to have a prominent footprint in the North American data center market, offering world-class connectivity, strategic zoning, and a skilled technology workforce. Its infrastructure supports industries related to artificial intelligence, cloud computing, cyber security, and beyond.

As of January 1, 2024, there were 44 completed data center buildings and over four million square feet of additional space under construction in Prince William County, enhancing the scale of the regional digital economy.

This report presents a thorough, yet preliminary, analysis of Tax Year (TY) 2024 revenues generated by data centers. TY 2024 revenues are realized in Fiscal Year (FY) 2025 as part of the county's general revenues and as such won't be final until the FY 2025 external audit is completed.



Data centers are a cornerstone of Prince William County's commercial tax base, generating $293.7 million in total tax revenue in TY 2024, an increase of 77% over the prior year.

- Data Centers contributed 92.4% of all commercial real estate growth and appreciation.
- Real property tax revenue from data centers reached $144.2 million.
- Business tangible property tax revenue, driven largely by investments in computing equipment, totaled $147.1 million, including $123.9 million from computer equipment & peripherals.
- Fees and licensing revenues rose to $2.5 million, reflecting expanding operations.

Since TY 2012, data center tax revenues have multiplied more than 45 times, reflecting their rapid and sustained expansion in the County. TY 2024 witnessed:

- The completion of four (4) new data center buildings, raising the total count of Turnkey data centers to 29.
- 240 megawatts (MW) of new capacity added, increasing the Turnkey Data Centers' total power capacity to 862 MW.
- More than one million square feet of new Turnkey Data Center space added.
- An increase in land acquisitions and rezonings.

Data center tax revenues fall under three categories: Real Property, Business Tangible Property, Fees and Licensing.

- **Real Property:** High-value buildings and land holdings, acquired at accelerating prices, make this a sizable tax revenue contributor. In TY 2024, total assessed values were driven primarily by new construction and power expansion projects.
- **Business Tangible Property (BTP):** Data centers continue to invest in advanced computing equipment, contributing significant revenue to this category. The 72.1 percent tax rate increase, per $100 of assessed value, from $2.15 in TY 2023 to $3.70 in TY 2024, further amplified revenue collections. BTP is the largest source of tax revenue, a trend that is expected to remain intact based on forecasts of future investments, the pace of development, and the recent tax policy decision made by the Board of County Supervisors to increase the tax rate on computer equipment & peripherals to $4.15 from $3.70.
- **Fees and Licensing:** Business activity and real property development drove corresponding increases in Business Professional and Occupational License tax revenues and service-related fees, which saw consistent growth year-over-year.

Prince William County's targeted economic strategy, infrastructure readiness, and commitment to maintaining a balanced tax structure have positioned it for sustained growth in the evolving digital economy.

INTRODUCTION

This report provides a rigorous compilation of tax revenues generated by data centers located in Prince William County in 2024.

It aims to enhance transparency and support strategic planning by highlighting revenue contributions from real property taxes, business tangible property taxes, as well as fees and licensing.

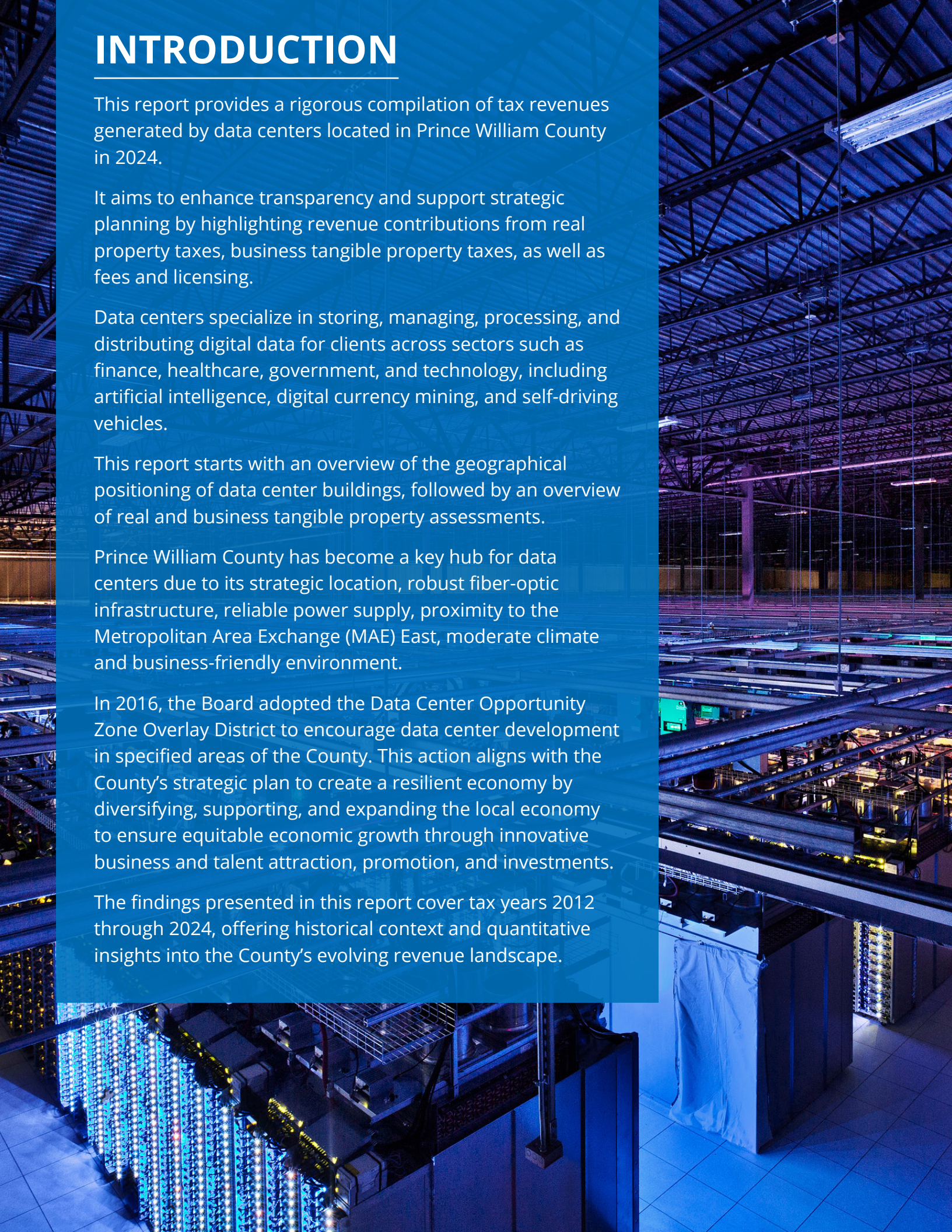
Data centers specialize in storing, managing, processing, and distributing digital data for clients across sectors such as finance, healthcare, government, and technology, including artificial intelligence, digital currency mining, and self-driving vehicles.

This report starts with an overview of the geographical positioning of data center buildings, followed by an overview of real and business tangible property assessments.

Prince William County has become a key hub for data centers due to its strategic location, robust fiber-optic infrastructure, reliable power supply, proximity to the Metropolitan Area Exchange (MAE) East, moderate climate and business-friendly environment.

In 2016, the Board adopted the Data Center Opportunity Zone Overlay District to encourage data center development in specified areas of the County. This action aligns with the County's strategic plan to create a resilient economy by diversifying, supporting, and expanding the local economy to ensure equitable economic growth through innovative business and talent attraction, promotion, and investments.

The findings presented in this report cover tax years 2012 through 2024, offering historical context and quantitative insights into the County's evolving revenue landscape.

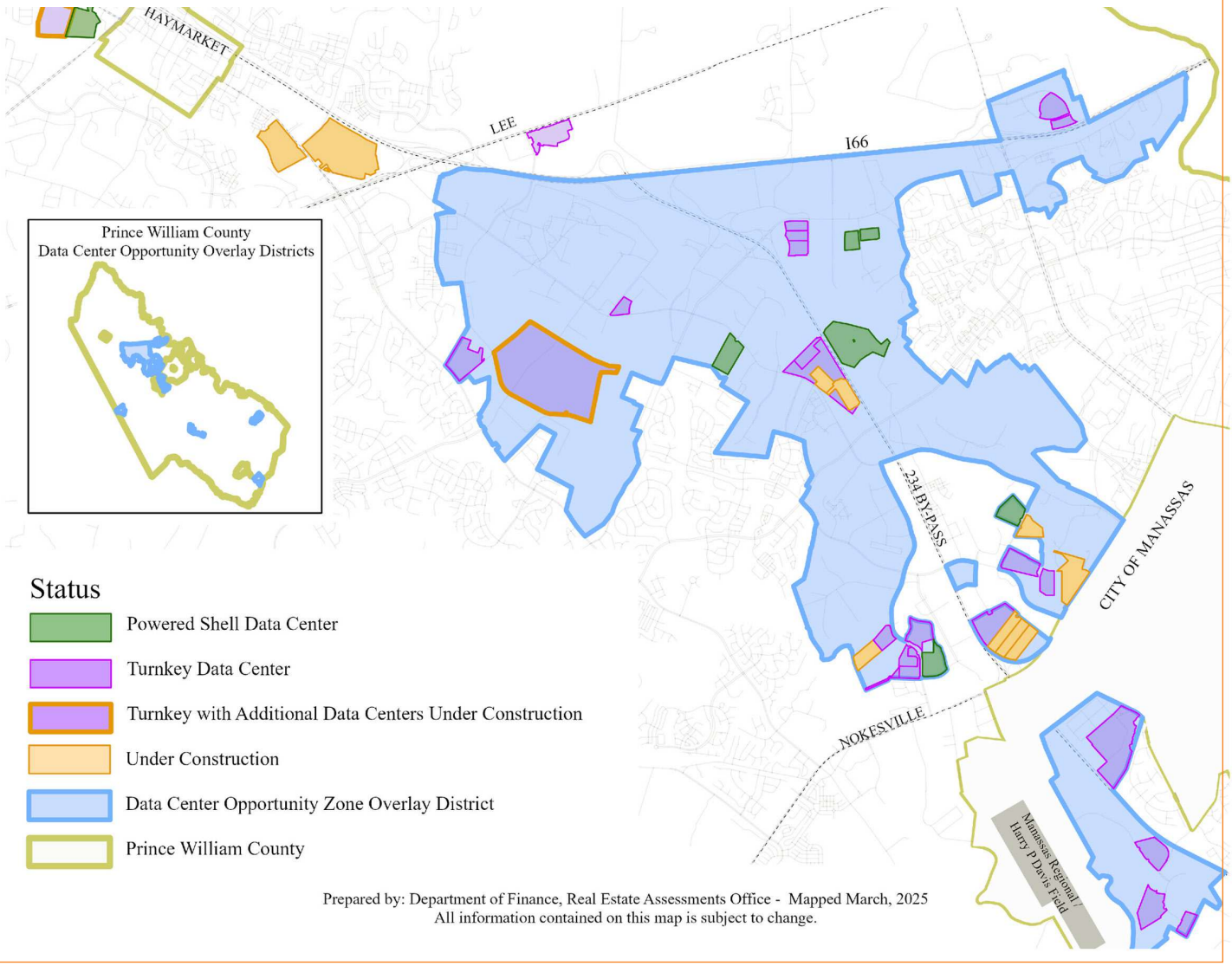


DATA CENTER MAP

The map below provides a geographic representation of the data center landscape in Prince William County at the beginning of tax year 2024. Highlights include current locations, category, and construction status.

The Data Center Opportunity Zone Overlay District presents dedicated areas for potential data center development. The Data Center Opportunity Zone Overlay District was created for the purpose of promoting development of data centers within areas of the County where there is existing power infrastructure that will support the proposed use.

MAP 1: IMPROVED DATA CENTERS AS OF JANUARY 1, 2024
(excludes those with incidental structures and substations)



For assessment purposes, data centers are classified into three categories:

Turnkey Data Center

Powered Shell Data Center

Under-Construction Data Center

A **Turnkey Data Center** is a fully developed facility - owner-occupied, single tenant, or multi-tenant - that is fully designed, built, and equipped to operate. The term “turnkey” implies that the end-user can “turn-the-key” and begin operations immediately. Typically, a single entity owns the land, building and fixtures, and also operates the building. When leased, these turnkey facilities may be referred to as “wholesale” or “retail” colocation data centers.

For valuation purposes, both gross building area (square feet) and power capacity (megawatts) are used. When power capacity is not available from permits or other direct sources, the wattage per square foot is inferred from market data. Rentable (leased) power capacity, measured in megawatts or kilowatts, is the ultimate determining factor of a turnkey facility’s assessed value.

A **Powered Shell Data Cente**r is a facility where the developer constructs the building exterior shell, with power and connectivity available, then the tenant completes the interior build-out/real estate fixtures. However, there is a difference. When the fixtures that a tenant paid for are to remain with the property throughout their economic life/ usefulness, the tenant build-out is assessed as real estate. This is determined as follows:

If the lease does not specify that the tenant retains ownership of installed equipment and fixtures, the facility is valued as a turnkey data center.

If the lease clearly states that the tenant may or must remove the fixtures at the end of the term, the facility is assessed as a powered shell. In this category, power capacity is not a factor in valuation.

An **Under-Construction Data Center** is a partially complete building or one that is actively being developed.

These properties are assessed similarly to turnkey facilities unless the lease says otherwise. Power capacity is gauged using permits, owner disclosures, or other credible public sources.

REAL PROPERTY

Real property includes land and all improvements permanently affixed to it. In Prince William County, real estate assessments are based on the tax year (TY), which aligns with the calendar year (CY). Assessments for TY 2024 are effective on January 1, 2024, and were entered into the County's 2024 official assessment record or land book, typically in May each year. Real estate taxes are billed in two annual installments, and revenues are recognized in the fiscal year (FY) in which the due dates fall. Accordingly, TY 2024 assessments and collections are recognized as FY 2025 revenues.

In TY 2024, real estate taxes generated 59% of the County's general revenue. Data centers accounted for 49% of all commercial assessments, driven by the high capital investment in data center facilities and the rapidly increasing prices developers were willing to pay for vacant land.

ASSESSING DATA CENTER REAL PROPERTY

Data center valuation considers the three traditional approaches to value: sales comparison approach, cost approach, and income approach.

The sales comparison approach relies on the principle of substitution, which states that the value of real estate is determined by the cost of acquiring a similar property. Recently sold comparable properties are analyzed in relation to the subject property. Adjustments are made to the sale prices of the comparable properties to account for the differences between them and the subject. The adjusted sale prices yield a range of probable values for the subject property. This is the primary approach used to value vacant data center land.

The cost approach provides a value indication equal to the sum of the land value and the depreciated cost of the improvements. Land value is determined using the sales comparison approach, following a highest and best use analysis. Improvement value is determined by estimating the cost to replace or reproduce the improvements and subtracting depreciation (decrease in value). Consistent with the Appraisal Institute's definition of the cost approach, the cost estimate should include direct or hard costs, indirect or soft costs, and entrepreneurial incentive or profit. Depreciation may result from physical deterioration, functional obsolescence (such as outdated design or inefficient technology), or economic obsolescence (effects of external factors such as high traffic volume).

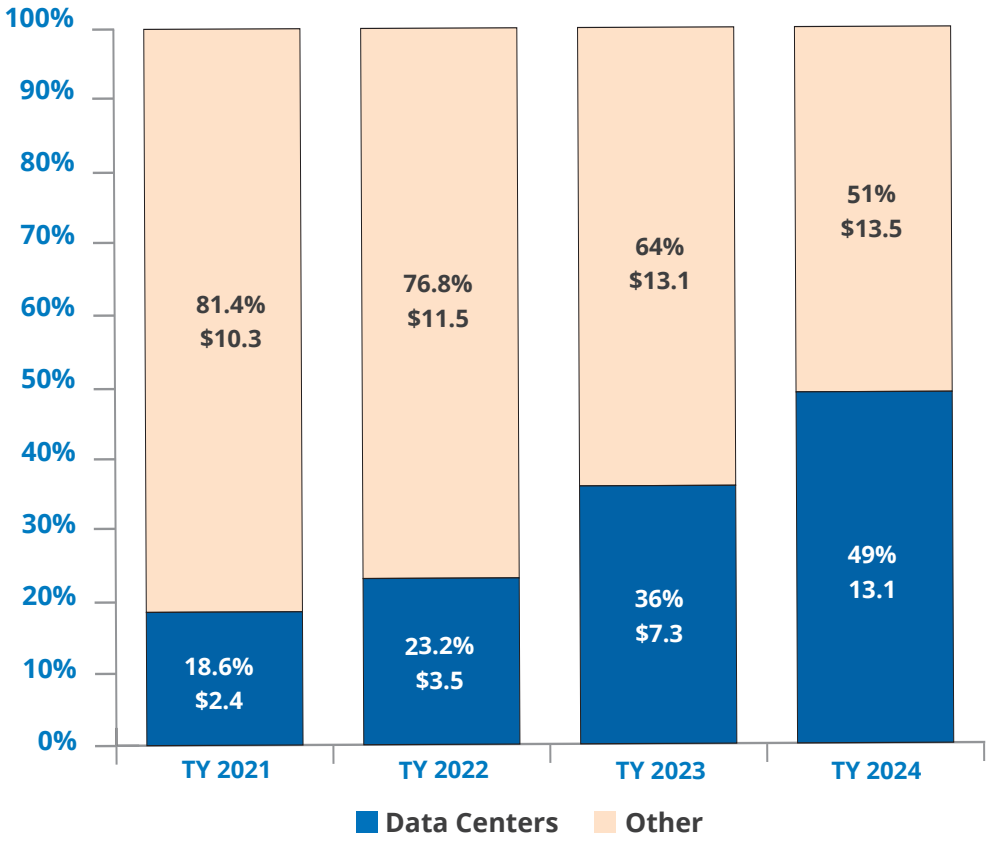
The income approach produces a value indication by converting a property's probable income stream into its value using a market-derived yield rate. In this approach, the effective gross income of a property is estimated by applying appropriate gross rent, other income, and vacancy and collection loss to the subject property, based on market data and trends. Normal operating expenses are then deducted from the effective gross income to generate the net operating income. The net operating income is divided by a market capitalization rate to determine the subject property's income value. A capitalization rate is the expected return on investment on an income-producing property Capitalization rates can be derived from sales of comparable properties by dividing each comparable' s income stream by its sale price. Reliable published sources also provide national, regional, and local capitalization rates for each major commercial sector.

In 2022, the Virginia legislature enacted § 58.1-3295.3 of the Code of Virginia, requiring data center fixtures to be assessed using the cost approach. This necessitated the County's use of a combination of approaches, as cost manuals alone are insufficient to address the complexities of a data center. The County adopted a "hybrid" approach, using the income approach to establish the fair market value of the land and shell building, and the cost approach to establish the fair market value of the real estate fixtures. For the fixture component, a mass appraisal model was developed utilizing data from industry publications: the average cost to build a data center, the entrepreneurial profit margin, and the fixtures' percentage share of the total cost. The fixtures' replacement cost is then depreciated according to their estimated wear and tear.

DATA CENTER REAL PROPERTY ASSESSED VALUE

The following graph displays data center assessments in relation to all commercial assessments (excluding supplements).

GRAPH 1: COMPOSITION OF REAL PROPERTY COMMERCIAL ASSESSMENTS EXCLUDING APARTMENTS
($ in billions)



Data center assessed value changes year-over-year are primarily driven by growth, i.e., new buildings, land rezonings, and vacant land sales for data center use. The demand for data centers tends to offset the depreciation of older buildings, resulting in overall appreciation. Data center values increased 78.8% from TY 2023 to TY 2024, with growth accounting for 44.7% of this increase.

DATA CENTER CAPACITY

The summaries of the current state of the three categories of data centers for assessment purposes – Turnkey, Powered Shell, and Under-Construction – are provided in Tables 1-3. The data offers insight into key metrics such as megawatt (MW) capacity, square footage (SqFt), and assessed value for each data center type. Megawatt capacity for Powered Shell facilities is not tracked for real estate assessment purposes.

Turnkey Data Center assessments include the value for real property fixtures (fixtures) and exclude the value for personal property such as computer equipment and peripherals, and office furniture and furnishings.

The Code of Virginia §58.1-3295.3 states that "fixtures" means all fixtures and equipment used in a data center except computer equipment and peripherals, equipment used for external surveillance and security, and fire and burglar alarm systems. "Fixtures" includes generators, radiators, exhaust fans, and fuel storage tanks; electrical substations, power distribution equipment, cogeneration equipment, and batteries; chillers, computer room air conditioners, and cooling towers; heating, ventilating, and air conditioning systems; water storage tanks, water pumps, and piping; monitoring systems; and transmission and distribution equipment.

The megawatt (MW) capacity can be reported by owners or estimated from building plans (either denoted on the plans or by counting the back-up generators), online publications, Virginia's Department of Environmental Quality, and market data.

In Powered Shell Data Centers, equipment and fixtures are owned, installed, maintained, and, according to the lease, shall or can be removed by the lessee or tenant at the end of the term. Real estate assessments do not include value for these fixtures. The tenant reports the original cost to the Tax Administration Division. They are depreciated according to the County's depreciation schedule based on age and usefulness that approximates resale value and assessed as business tangible property.

Under-Construction Data Centers are partially complete buildings with or without fixtures installed.

TABLE 1: TURNKEY DATA CENTERS

Actual & Imputed MW	**862**	**622**	**240**
Square Feet (SqFt)	**5,844,023**	**4,753,863**	**1,090,160**
Building Count	**29**	**25**	**4**
Assessed Value	**$8,178,801,700**	**$4,717,740,900**	**$3,461,060,800**

MW Capacity

The total capacity increased by 240 MW, rising from 622 MW in TY 2023 to 862 MW in TY 2024.

No facilities were reclassified from the Turnkey and Powered Shell categories or vice versa.

Of the 240 MW increase, **approximately 173 MW was attributed to new construction, while the remaining 67 MW resulted from power expansions in existing Turnkey facilities.**

Square Footage

Construction completion in calendar year (CY) 2023 **added 1,090,160 SqFt** to Turnkey Data Center buildings, **including a 90,470 SqFt addition** to an existing structure.

Building Count

The **number of completed Turnkey Data Center buildings reached 29**, including four new buildings constructed in CY 2023 and added to the assessment roll in TY 2024.

Assessed Value

The **total assessed value for Turnkey Data Centers in TY 2024 was $8,178,801,700.** This figure includes the assessed value of a facility owned by a public utility company, which is assessed by the Virginia State Corporation Commission (SCC).

TABLE 2: POWERED SHELL DATA CENTERS

Estimated MW	**400**	**400**	**-**
Square Feet (SqFt)	**2,287,847**	**2,287,847**	**-**
Building Count	**15**	**15**	**-**
Assessed Value	**$603,844,700**	**$540,256,300**	**$63,588,200**

MW Capacity

MW Capacity is not tracked for Powered Shell Data Centers.

However, **using an estimated 175 watts/SqFt power density observed in the market, Powered Shell Data Centers' power capacity calculates to 400 MW.**

Square Footage

Powered Shell Data Centers account for 2,287,847 SqFt.

No data center was added to the Powered Shell category in TY 2024**.**

Building Count

The **number of completed Powered Shell Data Center buildings remained 15** in TY 2024.

Assessed Value

The **total assessed value for Powered Shell Data Centers in TY 2024 was $603,844,700**.

TABLE 3: UNDER-CONSTRUCTION DATA CENTERS

Estimated & Imputed MW	**660**	**372**	**288**
Planned Square Feet (SqFt)	**4,015,330**	**2,040,205**	**1,975,125**
Planned Building Count	**15**	**N/A**	**N/A**
Assessed Value	**$1,261,770,600**	**$739,311,000**	**$522,459,600**

MW Capacity

The power platforms (often referred to as data halls) in Under-Construction facilities are sometimes built in phases. Other times, the completion of data halls are in-step/integrated with the building shell construction.

The projected capacity is determined in the same manner as Turnkey facilities - from owner declaration/ financial statements, press releases or building plans.

When the data is unavailable, the power capacity is calculated using the market derived 175 watts per SqFt.

In TY 2024, the **Under-Construction Data Centers' potential power capacity is believed to be 660 MW.**

Square Footage

Under-Construction Data Centers account for a total of 4,015,330 SqFt.

Building Count

There were 15 buildings considered construction-in-progress in TY 2024.

Assessed Value

The total assessed value for Under-Construction Data Centers in TY 2024 was $1,261,770,600.

Properties are assessed and billed based on their status as of January 1 of each year (vacant land, partially complete building, complete building, etc.). When new construction is completed after January 1, the increase in assessed value between the January 1 building assessment and the completed building value is prorated based on the number of months that the property is "substantially complete or fit for use and occupancy". The property owner receives a supplemental assessment and a corresponding tax bill reflecting this increase in value. The new construction supplemental assessments in TY 2024 totaled $1,418,344,800.

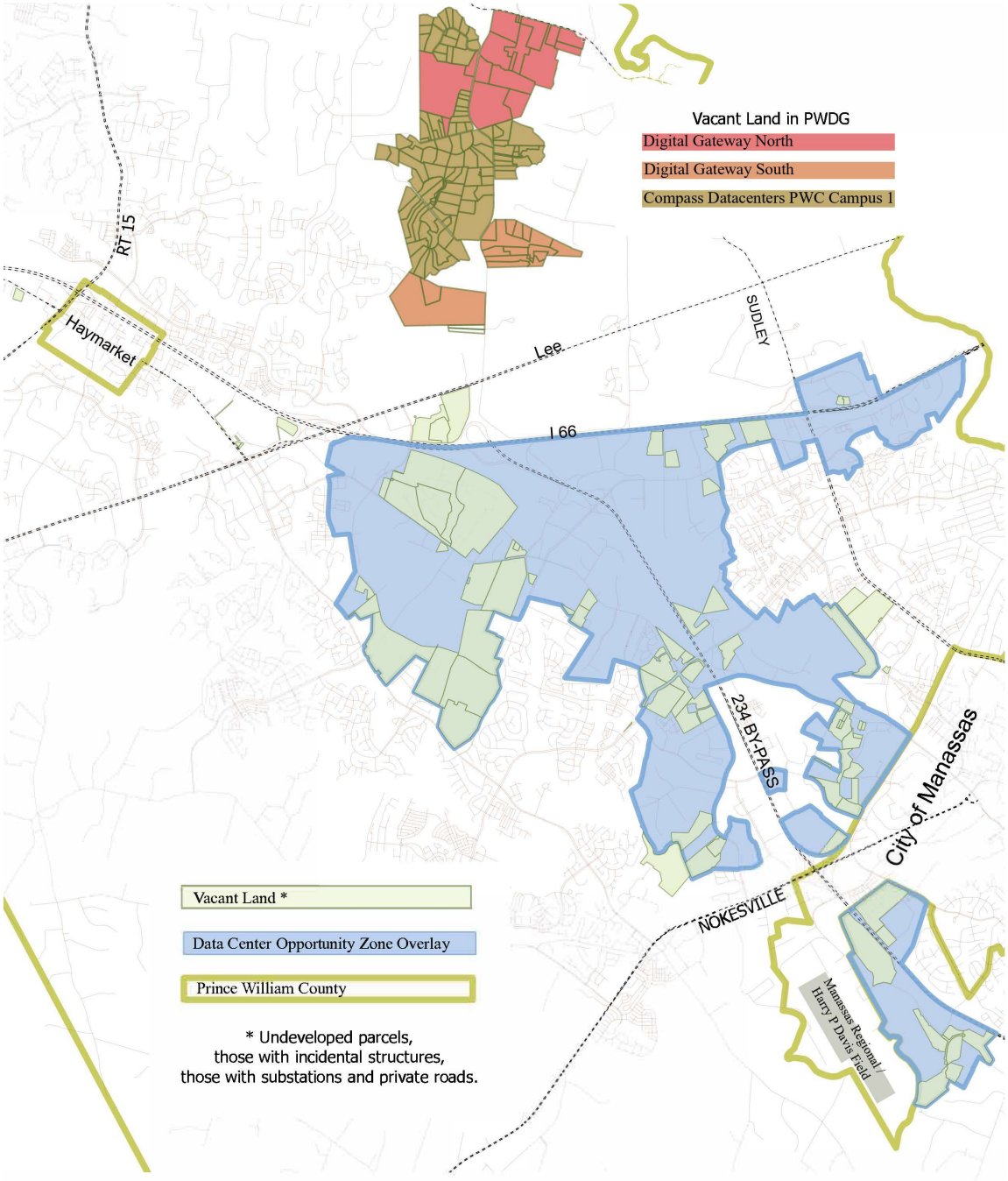
DATA CENTER VACANT LAND

The following map highlights vacant parcels zoned and/or planned for data centers, signifying that Prince William County will continue to be a critical hub for future data center development.

Data center land is comprised of raw parcels and those with incidental structures such as depreciated houses and offices, paving, sheds, and other structures which confer minimal value contribution to a commercial parcel.

The map contains parcels with substations and private roads primarily for data center use; however, it does not include public right-of-way, homeowners' association parcels, cemetery sites, and improved lots that may have additional land to be developed.

MAP 2: PRINCE WILLIAM COUNTY DATA CENTER LAND



Prepared by: Department of Finance, Real Estate Assessments Office - Mapped May, 2025. All information contained on this map is subject to change.

TABLE 4: DATA CENTER LAND ACREAGE AND ASSESSED VALUES

Vacant Land	**4,126**	**1,426**	**2,700**	**$2,896,045,900**
Substations	**117**	**76**	**41**	**$125,780,500**
Total	**4,243**	**1,502**	**2,741**	**$3,021,826,400**

Total Acreage

Vacant land as well as land with incidental structures and substations that are categorized as data center land in TY 2024 totaled 4,243 acres.

Rezonings and Acquisitions

2,049 acres were added to data center land inventory due to rezonings, acquisitions by data center operators, and changing of boundary lines.

Existing Inventory

Considering that the existing land inventory had ongoing construction in TY 2024, reclassifying vacant land to improved parcels, the larger overall change in land inventory means that 651 acres previously identified for other commercial uses were reclassified for data center use in TY 2024.

Total Vacant Land Assessment

TY 2024 data centers' total vacant land assessment was $2,896,045,900.

Data center land sold for as much as $3,091,200 per acre in TY 2023 and $3,818,900 per acre in TY 2024.

Rezoning after January 1

When a property is rezoned after January 1, it is revalued based on the approved zoning/proffers and assessed for the increase in value between January 1 assessment and the rezoned assessment. This amount is prorated based on the number of days that the property was rezoned.

The property owner receives a supplemental assessment and corresponding tax bill reflecting this increase in value.

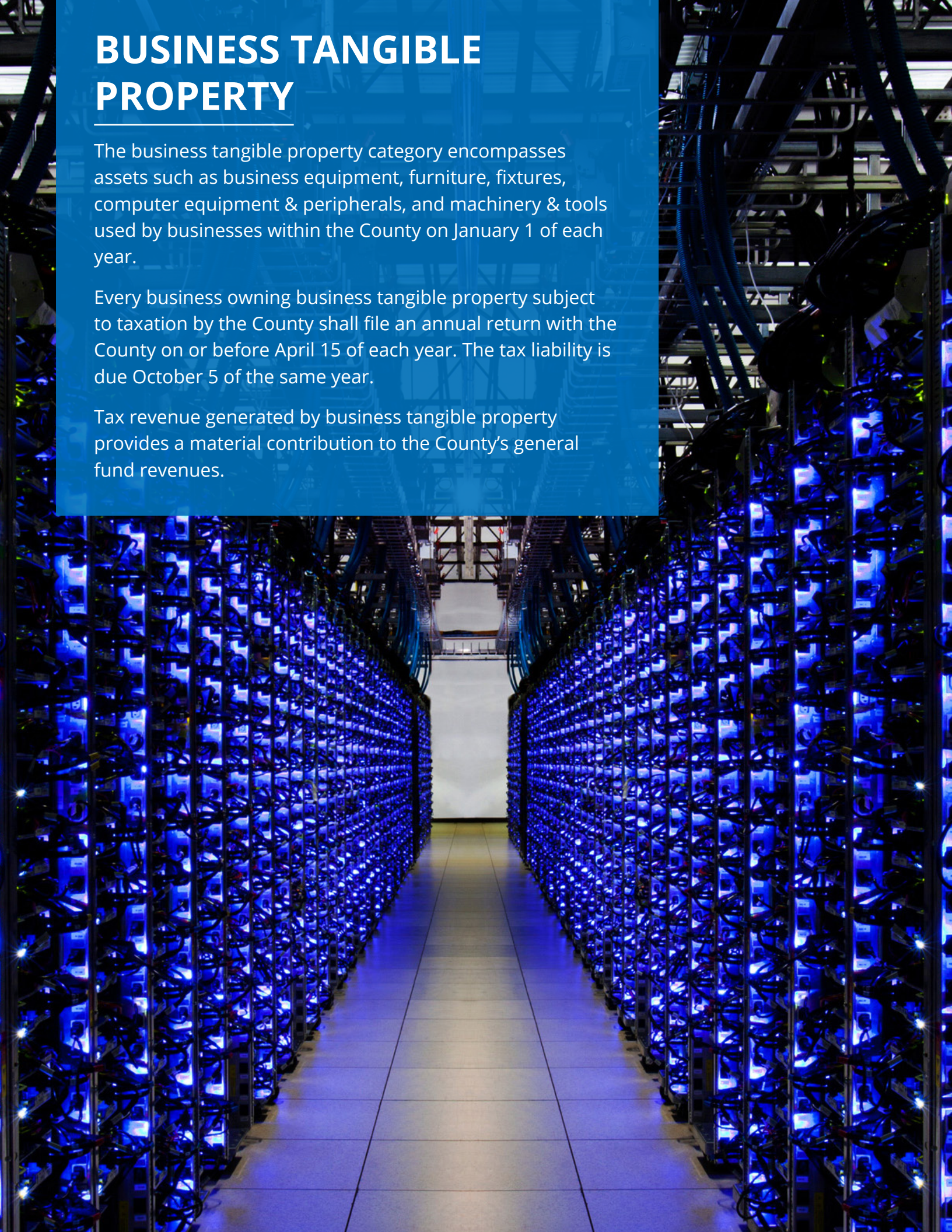
During TY 2024, approximately 210 acres of land were rezoned for data center use. The increase in the assessed value for land rezoned to permit data center development in TY 2024 totaled $83,651,300.

BUSINESS TANGIBLE PROPERTY

The business tangible property category encompasses assets such as business equipment, furniture, fixtures, computer equipment & peripherals, and machinery & tools used by businesses within the County on January 1 of each year.

Every business owning business tangible property subject to taxation by the County shall file an annual return with the County on or before April 15 of each year. The tax liability is due October 5 of the same year.

Tax revenue generated by business tangible property provides a material contribution to the County's general fund revenues.



CLASSIFICATION, REPORTING AND TAX RATES

The Code of Virginia § 58.1-3506 identifies classifications for taxation, including computer equipment & peripherals used in a data center and tangible personal property employed in a trade or business. Prince William County taxes computer equipment & peripherals at the same rate regardless of their use in a data center or non-data center. The County maintained a business tangible property tax rate of $1.25 per $100 of assessed value for computer equipment & peripherals from TY 2012 to TY 2019. Since TY 2020, the tax rate has increased, rising to $3.70 in TY 2024. Meanwhile, the tax rate for business tangible property employed in a trade or business (including business equipment, furniture & fixtures) remained steady at $3.70 per $100 of assessed value throughout the period spanning TY 2012 to TY 2024.

TABLE 5: HISTORICAL TAX RATES FOR BUSINESS TANGIBLE PROPERTY

Tax Year	Computer Equipment & Peripherals	Furniture & Fixtures
2012		$3.70
2013	$1.25	$3.70
2014	$1.25	$3.70
2015	$1.25	$3.70
2016	$1.25	$3.70
2017	$1.25	$3.70
2018	$1.25	$3.70
2019	$1.25	$3.70
2020	$1.35	$3.70
2021	$1.50	$3.70
2022	$1.65	$3.70
2023	$2.15	$3.70
2024	$3.70	$3.70

Business owners must report on business tangible property annually, including detailed listings, original cost, and year of purchase. Prince William County applies assessment factors, which decrease over time to reflect depreciation.

Business Equipment Furniture & Fixtures

Assessed from 85% of original cost for recent purchases to a minimum of 10% for items nine or more years old.

Computer Equipment & Peripherals

Assessed from 50% of original cost for recent purchases to a minimum of 5% for items five or more years old.

Heavy Equipment & Machinery

Assessed from 80% of original cost for recent purchases to a minimum of 10% for items six or more years old.

In recent years, data center equipment refresh cycles have lengthened considerably, according to industry sources. Server and other equipment replacement, once common every 3 to 4 years, has moved to 5 to 6+ years. Many operators have adjusted their internal depreciation schedules accordingly, reflecting the extended useful life of equipment. As equipment refresh cycles lengthened, assets remain on the books longer before being replaced. While these assets continue to depreciate over time, the slower turnover can lead to a more predictable taxable value baseline across high-density operations, as large-scale fluctuations from frequent replacements are reduced. The vast proliferation of data centers in Northern Virginia, and in recent years throughout the Commonwealth and across the country and around the world, will hopefully lead to a robust secondary market which can be analyzed to help inform future equipment depreciation schedules.

According to Loudoun County's 2020 analysis, the average assessed value of depreciated equipment was approximately $573 per square foot. By comparison, newly constructed data centers frequently exceed $1,000 per square foot before depreciation. High-density modern facilities often sustain equipment values ranging from $750 to over $2,500 per square foot, depending on the scale and hardware composition.

Compounding this shift in refresh cycles is the increasingly complex hardware landscape within the data center industry. Beyond traditional central processing units (CPUs), facilities are now deploying a wider range of specialized processors, including graphics processing units (GPUs) for artificial intelligence and parallel workloads, and data processing units (DPUs) to optimize networking and storage functions. These components vary significantly in cost, power usage, efficiency, and expected lifecycle. The impact of these newer technologies on business tangible property reporting and assessment practices remains uncertain, however, their presence underscores the fast-paced, ever-evolving nature of data center infrastructure.

As the industry continues to prioritize efficiency, density, and specialization, jurisdictions will need to monitor these trends closely. While equipment becomes more powerful and durable, assessment and/or depreciation models will need to adapt to reflect shifting norms in replacement behavior, hybrid deployments, and the long-term fiscal value of emerging hardware assets.

Future technological breakthroughs that are anticipated to materialize may disrupt the data center industry in the medium to long-term by shattering boundaries of what computers can currently achieve. Quantum computing, according to Microsoft, is a revolutionary technology that leverages the principles of quantum mechanics to process information in ways that classical computers and servers today simply cannot. Unlike traditional computers that use bits as the smallest unit of data (represented as 0s and 1s), quantum computers use qubits, which can exist in multiple states simultaneously, allowing for unprecedented processing power.

AVERAGE ASSESSED VALUE OF DEPRECIATED EQUIPMENT

To illustrate the fiscal impact of extended hardware lifecycles, high-density deployments, and the increasing diversity of processing technologies, the following table presents the assessed values of data center equipment reported in Prince William County for TY 2023 and TY 2024. It includes square footage data for both Turnkey and Powered Shell facilities, offering a comparison against observed industry benchmarks. These values provide insight into how local assessments align with or diverge from broader patterns in the rapidly evolving data center sector.

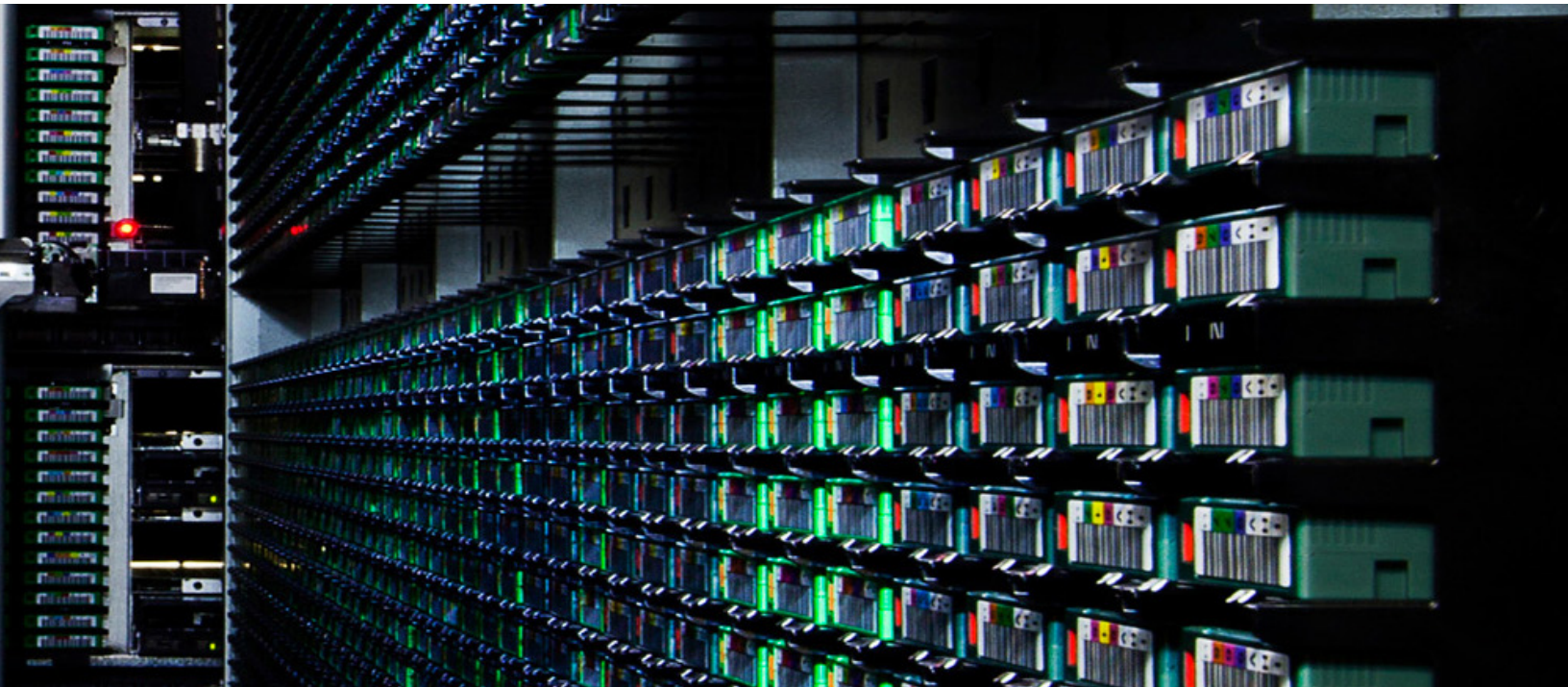
TABLE 6: EQUIPMENT AVERAGE ASSESSED VALUE PER SQUARE FOOT AS OF MAY 2025

	TY 2024	TY 2023
Return Book Cost (Gross Purchase Price)	**$15,675,743,000**	**$13,966,704,000**
Return Depreciated Value	**$3,974,017,000**	**$3,718,645,000**
Square Footage	**8,131,870**	**7,041,710**
Average Book Value	**$1,928**	**$1,983**
Average Depreciated Value	**$489**	**$528**

REVENUE CONTRIBUTIONS FROM DATA CENTERS VS. NON-DATA CENTERS

The following section provides a comparison of contributions to business tangible property tax revenues from Data Centers versus Non-Data Centers during TY 2024. The analysis highlights the significant role data centers play in the County's revenue hierarchy, specifically within the property classification types of Business Equipment, Furniture & Fixtures and Computer Equipment & Peripherals.

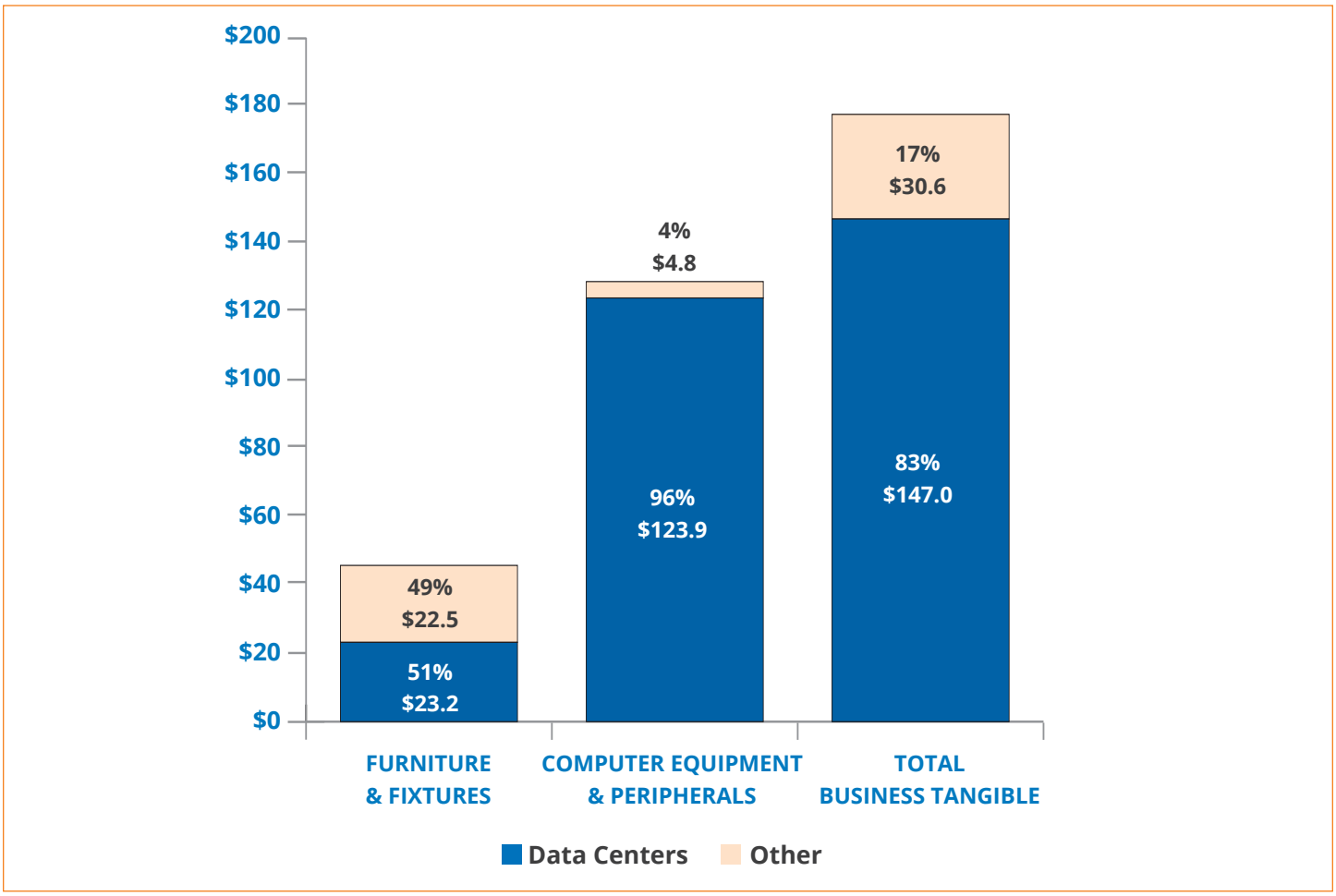
The Heavy Equipment & Machinery classification includes contributions solely from Non-Data Centers. This is an expected outcome given such assets (e.g., earth-moving equipment) are typically affiliated with industries such as manufacturing, construction, and transportation. In comparison, Data Centers primarily rely on advanced computer systems and related equipment.



The following chart highlights the realized revenues across the three categories of business tangible property. The revenue from Heavy Equipment & Machinery is included in the Total Business Tangible column, within the other strata amount.

GRAPH 2: TY 2024 BUSINESS TANGIBLE PROPERTY TAX REVENUES

($ in millions)



Furniture & Fixtures

In TY 2024, Data Centers were responsible for 51% of all Business Equipment, Furniture & Fixtures revenue, amounting to $23.2 million. The nearly even split underscores that both sectors are significant owners of assets within this category.

Total Revenue (TY 2024): $45.7 million

Data Centers: $23.19 million or 51%

Non-Data Centers: $22.51 million or 49%

Tax Rate: $3.70 per $100 of assessed taxable value

Computer Equipment & Peripherals

Data center industry dominance was more distinct in the Computer Equipment & Peripherals category, generating just over 96% of the total revenue, or $123.9 million.

Total Revenue (TY 2024): $128.7 million

Data Centers: $123.9 million or 96%

Non-Data Centers: $4.8 million or 4%

Tax Rate: $3.70 per $100 of assessed taxable value

The overwhelming contribution by data centers reflects their core operational dependency on high-density computing infrastructure. These assets make up the backbone of data center operations, explaining the vast disparity compared to non-data center businesses.

Heavy Equipment & Machinery

As anticipated, this classification does not include any revenue from data centers, given the nature of the assets involved.

Total Revenue (TY 2024): $3.3 million

Contributions: 100% from Non-Data Centers

Total Business Tangible Revenues

Combined, **Data Centers contributed $147 million in tangible property tax revenue,** representing **83% of all realized revenue in this category**.

Non-Data Center businesses, by comparison, generated **$22.5 million from Business Equipment and Furniture & Fixtures, $4.8 million from Computer Equipment & Peripherals, and a total of $30.6 million across all business tangible property classifications**.

It is important to note that a large portion of the increase in revenue from Computer Equipment & Peripherals was driven not by growth in assessed value, but by an increase in the tax rate. **In TY2023, the rate for this classification was $2.15 per $100 of taxable value; in TY 2024, it rose to $3.70.**

Based on constant assessed value assumptions, **approximately $51.9 million of the TY 2024 is attributable solely to this rate increase.** This underscores the fiscal impact of policy shifts on revenue generation, particularly sectors with concentrated and high-value assets like data centers.

During FY 2026 budget adoption the Board again increased the Computer Equipment & Peripherals tax rate to $4.15 per $100 of assessed value.

HISTORICAL REVENUE TRENDS

The County's Business Tangible Property tax revenue has experienced substantial growth since TY 2012, particularly within the classifications of Business Equipment, Furniture & Fixtures, and Computer Equipment & Peripherals. This growth has been heavily influenced by the increasing footprint and asset value concentration of data centers. Recent moderation or flattening in the growth rate is most likely attributable to the mix of Turnkey verses Powered Shell data centers.

Total revenue from this classification increased from $15 million in TY 2012 to $46 million in TY 2024, more than tripling over the twelve-year span. The most pronounced surges occurred during the 2013 – 2016 window and again in TY 2020 – 2021, corresponding with periods of rapid commercial and data center development.

TABLE 7: BUSINESS EQUIPMENT, FURNITURE & FIXTURES TAX REVENUE CONTRIBUTIONS FROM DATA CENTERS

($ in millions)

Tax Year	Data Centers	Non-Data Centers	Total Revenues	% Data Centers	Data Center % Y-O-Y Growth
2012	$0.4	$14.6	$15.0	2.8%	-
2013	$0.8	$15.0	$15.8	5.3%	98%
2014	$3.3	$15.4	$18.7	17.7%	296%
2015	$5.6	$16.0	$21.6	25.9%	70%
2016	$7.4	$16.2	$23.5	31.2%	31%
2017	$8.5	$17.5	$26.0	32.6%	15%
2018	$10.1	$17.7	$27.8	36.2%	19%
2019	$11.1	$18.9	$30.0	37.0%	10%
2020	$16.5	$19.2	$35.7	46.2%	48%
2021	$20.3	$19.5	$39.7	51.0%	23%
2022	$22.0	$20.0	$42.0	52.4%	9%
2023	$23.3	$20.9	$44.2	52.7%	6%
2024	$23.2	$22.5	$45.7	50.8%	-1%

Data Center revenue grew from $0.4 million in TY 2012 to $23.2 million in TY 2024, an increase of more than fifty-fold.

Non-data center revenue also grew, but at a more moderate pace, rising from $14.6 million to $22.5 million over the same period.

This shift reflects the growing share of equipment reported by data centers under this category, likely driven by the inclusion of high-density equipment racks, and other business equipment, despite limited office furnishing needs.

By TY 2024, data centers contributed over half of the revenue in this classification, compared to just 2.8% in TY 2012, signaling a fundamental shift in the tax base composition.

This classification saw the largest expansion, with total revenue rising from $3.4 million in TY 2012 to $128.7 million in TY 2024, an increase of nearly thirty-eight times the original amount.

TABLE 8: COMPUTER EQUIPMENT & PERIPHERALS TAX REVENUE CONTRIBUTIONS FROM DATA CENTERS

($ in millions)

Tax Year	Data Centers	Non-Data Centers	Total Revenues	% Data Centers	Data Center % Y-O-Y Growth
2012	$2.2	$1.2	$3.4	65.2%	-
2013	$2.8	$1.2	$3.9	70.4%	25%
2014	$4.0	$1.0	$5.0	79.6%	44%
2015	$6.7	$0.8	$7.6	88.9%	70%
2016	$9.1	$1.1	$10.2	89.4%	35%
2017	$10.5	$0.8	$11.3	92.8%	15%
2018	$15.4	$0.7	$16.0	95.9%	47%
2019	$20.3	$0.6	$20.9	97.1%	32%
2020	$24.6	$1.0	$25.6	96.0%	21%
2021	$34.1	$1.2	$35.4	96.6%	39%
2022	$40.4	$1.2	$41.6	97.2%	18%
2023	$66.4	$2.7	$69.1	96.1%	64%
2024	$123.9	$4.8	$128.7	96.3%	86%

Data center revenues rose from $2.2 million to $123.9 million reflecting a more than fifty-five-fold increase.

Non-data center revenues climbed from $1.2 million to $4.8 million, a modest but steady rise over time.

The dominance of data centers in this category became firmly established beginning in TY 2019, with their share of total revenue exceeding 96% through TY 2024.

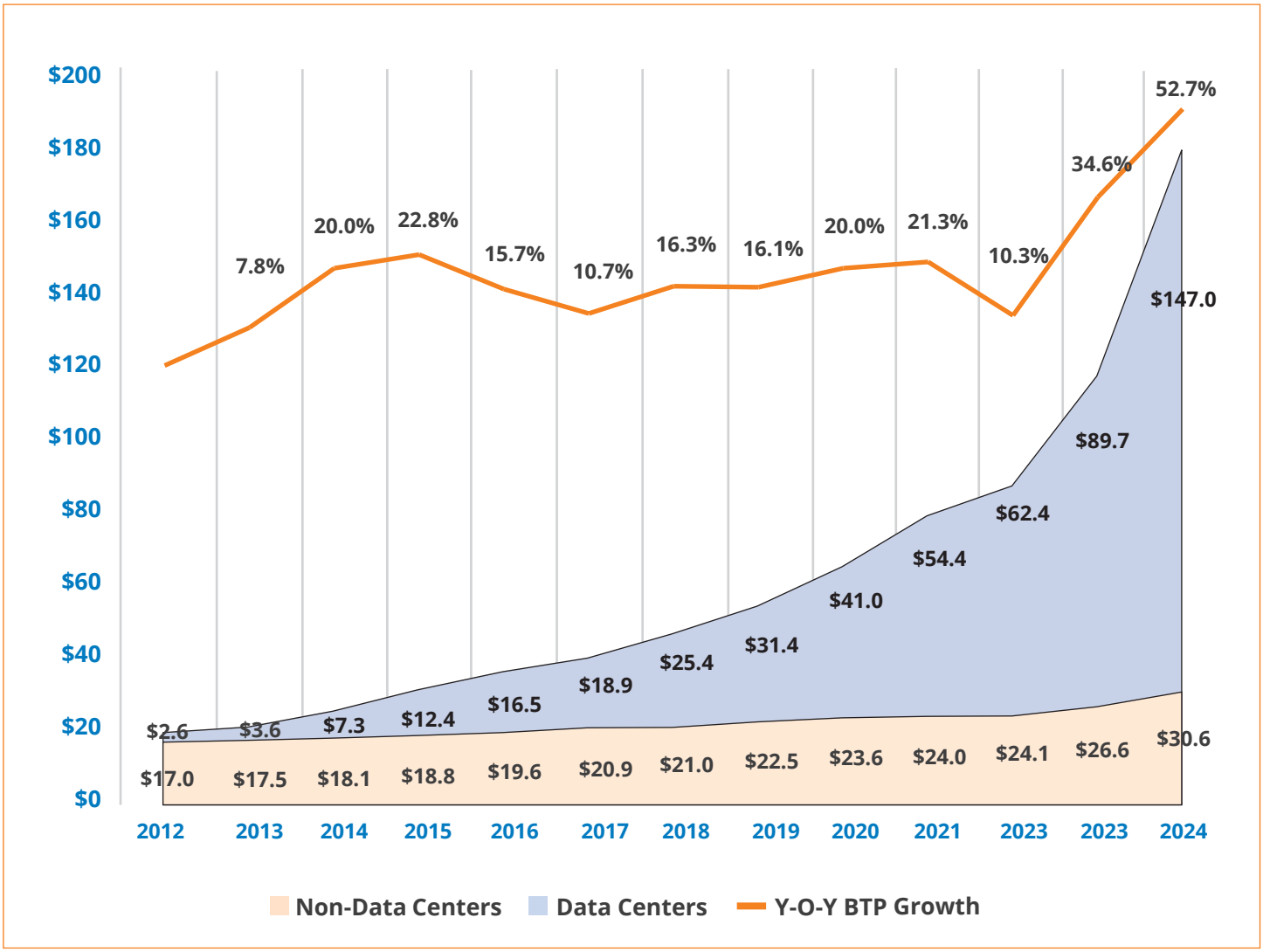
While non-data center revenues grew incrementally, they remained relatively small and variable in comparison.

Year-over-year growth trends in both categories have been primarily driven by the continued expansion and equipment investment by data centers.

While revenue from Business Equipment, Furniture & Fixtures appeared to stabilize slightly in TY 2024, this is likely a short-term fluctuation rather than a true plateau given there are 15 data centers under construction that are expected to be completed in TY 2025 and beyond, depending on the type of data center they become. These upcoming facilities are expected to reinforce and potentially accelerate growth trends across both asset categories, further shifting the County's business tangible property tax base toward high value, technology-centric infrastructure.

GRAPH 3: BUSINESS TANGIBLE PROPERTY TAX REVENUE, YEAR-OVER-YEAR GROWTH

($ in millions)



FEES AND LICENSING

In Prince William County, businesses must remit a Business, Professional, and Occupational License (BPOL) application and remit the corresponding tax revenue when their annual gross receipts are $500,000 or greater. Tax rates vary by business classification, with data centers' activities typically classified under Business, Personal, Repair and Other Services.

Real property fees, which support services like waste management and stormwater management, vary by bill.

There are no specific fees for business tangible property, but administrative, late filing fees, and late or delinquent tax payments generate revenue in the form of penalties and interest.

Late filings incur a 10% penalty and 10% interest from the due date's first day, with a $30 collection fee for accounts delinquent over 30 days, ensuring efficient revenue collection and compliance with tax regulations.

Revenues from fees and licensing increased from $0.3 million in TY 2012 to $2.5 million in TY 2024, driven by a rising presence of data centers in the County.

ANALYSIS OF DATA CENTER INDUSTRY TAX REVENUE

As demonstrated in the preceding historical analysis, data centers have rapidly evolved from a modest to a significant contributor for Prince William County's tax base.

By analyzing revenue generated across real property, business tangible property, and fees and licensing, the County gains a comprehensive view of the data center industry fiscal footprint and its expanding role in local revenue performance.

TABLE 9: TAX REVENUE CONTRIBUTIONS FROM DATA CENTERS BY PROPERTY TYPE

($ in millions)

Tax Year	Real Property	Computer Equipment & Peripherals	Furniture & Fixtures	Fees & Licensing	Total Revenues	% Y-O-Y Growth
2012	$3.5	$2.2	$0.4	$0.3	$6.5	-
2013	$3.9	$2.8	$0.8	$0.3	$7.8	21%
2014	$4.2	$4.0	$3.3	$0.3	$11.7	50%
2015	$4.6	$6.7	$5.6	$0.4	$17.4	48%
2016	$6.1	$9.1	$7.3	$0.3	$22.9	32%
2017	$8.3	$10.5	$8.5	32.6%	$27.9	22%
2018	$10.8	$15.4	$10.1	36.2%	$36.7	31%
2019	$20.8	$20.3	$11.1	37.0%	$53.2	45%
2020	$23.5	$24.6	$16.5	46.2%	$65.4	23%
2021	$30.3	$34.1	$20.3	51.0%	$85.9	31%
2022	$47.3	$40.4	$22.0	52.4%	$110.8	29%
2023	$75.4	$66.4	$23.3	52.7%	$166.4	50%
2024*	$144.2	$123.9	$23.2	50.8%	$293.7	77%

*preliminary

The County's total tax revenue from data centers has grown dramatically, from $6.5 million in TY 2012 to $293.7 million in TY 2024, a factor of over 45 times or 4,518%. This growth reflects both the scale and strategic concentration of data center development within the County.

In TY 2024 alone, revenue increased by 77% year-over-year, a reflection of both policy changes and continued industry investment.

CATEGORY CONTRIBUTIONS

Real Property

Revenues have climbed significantly since TY 2018, peaking at $144.2 million in TY 2024, driven by the ongoing development and expansion of data center campuses.

Computer Equipment & Peripherals

This category continues its upward trajectory, reaching $123.9 million in TY 2024 and solidifying its role as a core revenue stream within the business tangible property classification.

Business Equipment, Furniture & Fixtures

Revenue remained steady, with $23.2 million realized in TY 2024, reflecting both the embedded asset value of equipment and the long-term footprint of mature facilities.

Fees and Licensing

Revenues from licensing and related fees reached $2.5 million, continuing a pattern of consistent year-over-year growth as development activity remains strong.

Expansion of Data Centers

Growth in both the number and scale of facilities has led to increased tax obligations for both personal property and real estate.

Physical Footprint

Continued development, increased power consumption, and rising sales prices for vacant land as well as data center facilities have translated directly into higher real property assessments, particularly as new builds come online.

Tax Policy

The increase in Computer Equipment and Peripherals tax rate, from $2.15 in TY 2023 to $3.70 in TY 2024, had a substantial impact on realized revenue, accounting for over $51.9 million in additional collections from that category alone. The Board adopted TY 2025 / FY 2026 tax rate increase for computer equipment & peripherals will again substantially increase tax revenues from this source.

Revenue Concentration

A growing share of Business Tangible Property revenue is now attributed to data centers, particularly within the Computer Equipment & Peripherals category. As this trend continues, it may be useful to monitor industry developments – such as hardware refresh cycles, emerging technologies, and evolving operational models – that could further influence future revenue dynamics.

Tax Policy and Regional Context

The current tax environment, including rate structures and classification frameworks, has coincided with sustained investment in the County. As other jurisdictions also compete for data center development, regional tax policy comparisons and long-term competitiveness may become increasingly relevant factors to track.

Depreciation Schedule Alignment

Given the shift toward longer hardware refresh cycles and the growing complexity of data center infrastructure (e.g., the inclusion of GPUs, DPUs, and high-efficiency systems), periodic evaluation of the County's depreciation schedule may offer insight into how well it aligns with current industry practices and asset life cycles.

Revenue Base Composition

While data centers represent a significant and growing source of revenue, other sectors continue to contribute meaningfully to the County's overall tax base. Observing the distribution of revenue sources over time may provide context for assessing stability and exposure to sector-specific fluctuation.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CONCLUSION

Prince William County's data center industry continues to play a central role in driving tax revenue growth across multiple classifications. In TY 2024, total tax revenue from data centers reached $293.7 million, representing a 77% increase over the prior year. This growth reflects a combination of factors, including market demand, expansion of physical infrastructure, and tax policy changes – most notably, the increase in Computer Equipment & Peripherals tax rate from $2.15 to $3.70 per $100 of assessed value.

The County's strategic zoning designations, including the classification of data centers as a targeted industry, have supported sustained development over the past decade.

With over 4,000 acres designated for data center use and multiple projects currently under construction, revenue contributions from this sector are expected to continue to expand across real property, business tangible property, and fees and licensing categories.

At the same time, broader considerations may influence future growth patterns. Statewide power and water availability constraints and noise ordinance deliberations have become increasingly relevant to data center operations across Virginia. As development continues, factors including access to reliable utility infrastructure and unfavorable zoning decisions could impact the pace and scale of new investment activity.

This report focuses on realized revenues and historical patterns. As the industry continues to evolve, factors such as asset composition, hardware refresh cycles, and tax classification frameworks may warrant further observation in future reporting cycles.

TABLE OF FIGURES

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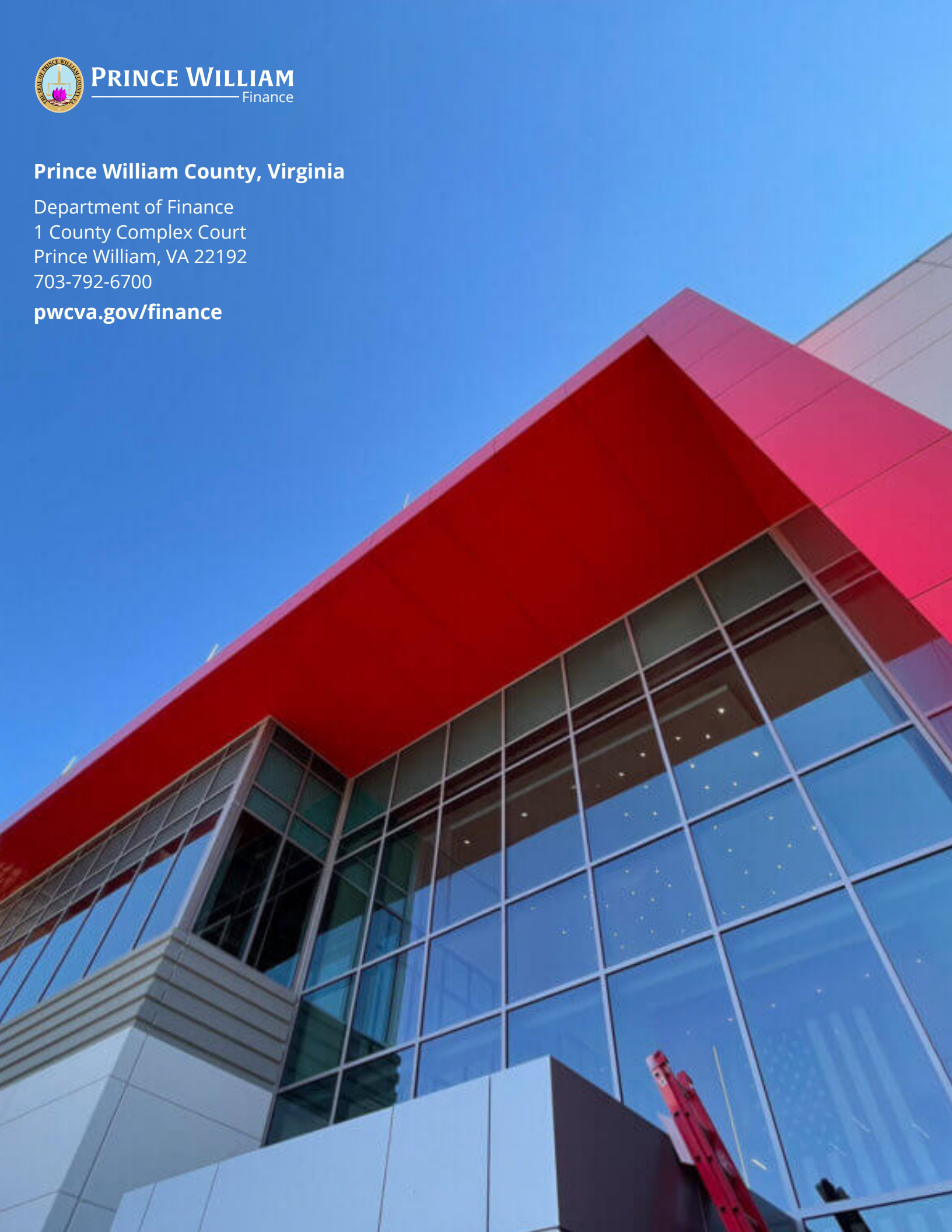

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