



March 19, 2018

The Honorable Corey Stewart
Chairman, Prince William County Board of Supervisors
1 County Complex Court
Prince William, VA 22192

Dear Chairman Stewart,

On behalf of the Northern Virginia Technology Council (NVTc), the Prince William Chamber of Commerce, and the Apartment and Office Building Association of Metropolitan Washington (AOBA), regional trade associations that collectively represent nearly 2,500 member companies and organizations, we are writing to register our strong opposition to the advertised proposal to almost triple the County's "technology tax," the tax rate on programmable computer equipment and peripherals, in FY2019.

The proposed tax increase on companies who utilize computers and related technology will impact businesses of all sizes and across many sectors. We are especially concerned about the impact that almost tripling the "technology tax" will have on data centers and other technology-intensive businesses currently located in Prince William County, as well as the impact on the County's ongoing economic development efforts to recruit more of these technology-based businesses.

Over the past 19 years, Prince William County has successfully built a reputation for being a competitive location for technology and data center investment, in large part due to the County's competitive tax rate on programmable computer equipment and peripherals. Many of the County's data centers face an increasingly competitive national market in attracting tenants to lease their current and planned facilities and the County's competitive tax rate on computer equipment has been a strong differentiator. We are concerned that an increase to the "technology tax" will harm the competitiveness of County data centers in renewing current tenants and attracting new tenants for additional planned facilities.

Furthermore, new markets for data center location are emerging nationally and elsewhere in Virginia. State incentives and the new subsea cable landings in Virginia Beach have increased the competitiveness of many Virginia localities in attracting data center jobs and investment, and localities across Virginia have recognized the impact tax policy has on data center siting and investment decisions. In fact, in an effort to attract data center jobs and investment, Virginia Beach, the City of Chesapeake and Henrico County all recently lowered their tax rate on computers and peripherals used in data centers from \$4 to 40 cents per \$100 of assessed value, a reduction of more than 88 percent. By almost tripling its "technology tax" at a time when others are lowering their levies to aggressively compete for technology jobs and investment, Prince William County risks hindering its competitiveness and ongoing efforts to bring additional technology businesses, especially data centers, to the County, a goal which County leaders thoughtfully and prudently identified as a strategic economic development priority.

This is especially important given the significant dividends yielded by the County's data center industry.

- Since attracting its first data center project in 1999, Prince William County has welcomed more than 31 projects that injected \$6.2 billion in capital investment. In fact, data centers have been the major economic development driver for Prince William County, representing 95 percent of all capital investment in 2016 and 92 percent of all capital investment in the County since 2012.
- According to the attached study commissioned by NVTC, in 2016 alone, the County's data center sector was responsible for directly and indirectly supporting approximately 3,207 jobs, \$155.4 million in labor income and \$478.3 million in economic output.
- Data centers paid an average private sector weekly wage of \$1,976 in Prince William County – almost two-and-a-half times the average of \$821 across all private sector industries.
- In terms of construction activity, the \$1.2 billion in direct investments data centers made in Prince William County in 2016 were responsible for supporting approximately 2,534 construction-related jobs, \$114.3 million in associated labor income, and \$339.2 million in construction-related economic output in the county.
- Data centers generated more than \$21.5 million in tax revenue for the County in 2016 under current tax rates, equivalent to 3.3 cents on the County's real estate tax rate. Additionally, data centers are net positive and do not put strain on County services. In fact, data centers provide approximately \$8.50 in County tax revenue for every \$1.00 they require in County expenditures to service them. They also represent a strong commercial industry that helps diversify the economy away from its substantial dependency on federal spending.

As you know, NVTC, the Prince William Chamber of Commerce, and AOBA share a common interest with the Prince William Board of County Supervisors in growing the local economy and promoting a positive business climate. We urge you to maintain the current technology tax rate to ensure Prince William County continues to distinguish itself as a competitive location for technology businesses, jobs and investment. We look forward to continuing to work with the Board as you finalize the County budget.

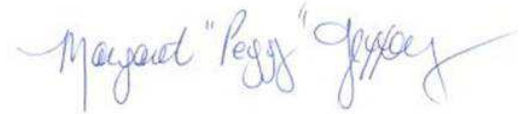
Thank you for your consideration.



Bobbie Kilberg
President & CEO
Northern Virginia Technology Council



Deborah Jones
President & CEO
Prince William Chamber of Commerce



Margaret "Peggy" Jeffers
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Apartment and Office Building Association