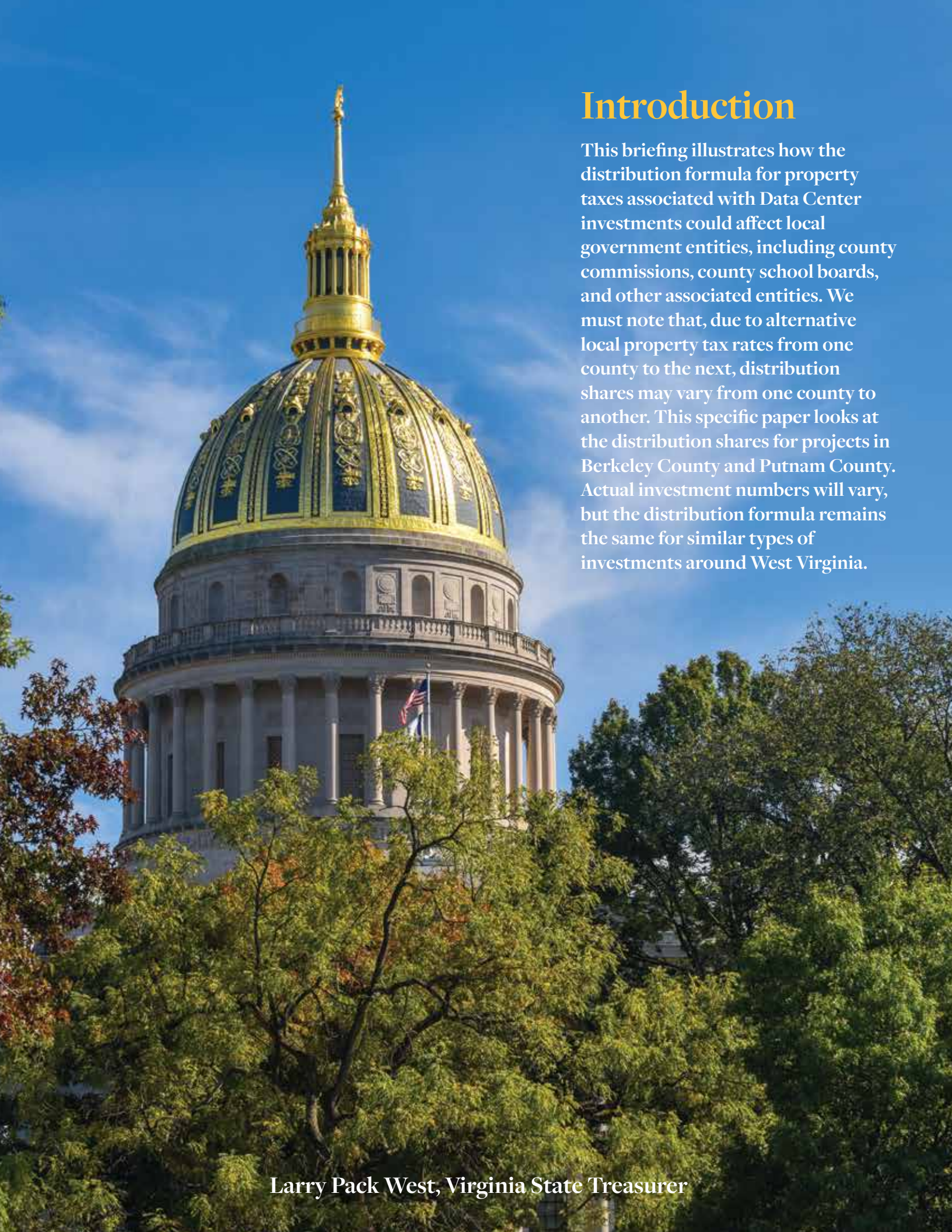
West Virginia Treasury Analysis: Tax Impact of Data Centers on Local Communities

By West Virginia Treasury Strategic Analyst Mark Muchow
September 2026

Larry Pack, West Virginia State Treasurer

Introduction

This briefing illustrates how the distribution formula for property taxes associated with Data Center investments could affect local government entities, including county commissions, county school boards, and other associated entities. We must note that, due to alternative local property tax rates from one county to the next, distribution shares may vary from one county to another. This specific paper looks at the distribution shares for projects in Berkeley County and Putnam County. Actual investment numbers will vary, but the distribution formula remains the same for similar types of investments around West Virginia.



Larry Pack West, Virginia State Treasurer

Current Law for certified High Impact Data Centers provides for incremental gains in property tax revenues from such investment to be distributed according to a special formula. Like the tax distribution rules associated with tax increment financing districts (TIF), the Data Center tax distribution formula only applies to the regular levy tax increment associated with such property additions. TIF increments finance bonded debt associated with infrastructure development projects. Data Center increments finance county government operations around the State, an economic grant fund, an electric grid stabilization fund and a personal income tax reduction fund.

The general property tax involves both regular levy rates set by elected government officials and possible excess levy rates set by voter referendum. Elected officials set regular levy rates each year as needed for budgetary purposes. In the event of special needs or a desire for funds greater than afforded by regular levy rates themselves, elected officials may seek voter approval for additional excess levy tax rates. The maximum school excess levy is 100% of the maximum school regular levy. The maximum county excess levy is 50% of the maximum county regular levy rate. Local governments may also impose separate bond levies with voter approval. On average, the regular school levy rate accounts for just 49% of total local school property taxes and the regular levy county government rate accounts for 84% of total county government property taxes.

The Data Center distribution formula only applies to the regular levy portion of local property taxes on the incremental taxable valuations above the base year valuation of property associated with a Data Center footprint prior to such development. The largest share of total rural area regular levy tax rates is associated with the school regular levy, accounting for roughly 58.7% of the total amount Statewide. On average, county commissions receive 40.5% of regular rural levy property taxes and the State receives the remaining 0.8%. Municipal governments are excluded from this analysis because Data Centers are not likely to locate within the geographic limits of existing municipalities.

Let's examine two separate Data Center projects for analysis under the tax distribution formula as illustrated in the following table.

Table 1: Investment & Property Tax Estimates

BERKELEY COUNTY PENZANCE MANAGEMENT
INVESTMENT: $10.0 BILLION

	APPRAISED VALUE	60% ASSESSED VALUE	2.4188% ESTIMATED TAX
REAL PROPERTY	$4,000,000,000	$2,400,000,000	$58,051,200
TANGIBLE PERSONAL PROPERTY	$6,000,000,000	N/A	
ASSUME 5% SALVAGE VALUE	$300,000,000	$180,000,000	$4,353,840
TOTAL TAXABLE VALUE	$4,300,000,000	$2,580,000,000	
TOTAL TAX @2.4188%			$62,405,040

PUTNAM COUNTY GOOGLE PROJECT
INVESTMENT: $7.0 BILLION

	APPRAISED VALUE	60% ASSESSED VALUE	2.5004% ESTIMATED TAX
REAL PROPERTY	$2,500,000,000	$1,500,000,000	$37,506,000
TANGIBLE PERSONAL PROPERTY	$4,500,000,000	N/A	
ASSUME 5% SALVAGE VALUE	$225,000,000	$135,000,000	$3,375,540
TOTAL TAXABLE VALUE	$2,725,000,000	$1,635,000,000	
TOTAL TAX @2.5004%			$40,881,540

Larry Pack, West Virginia State Treasurer

Data Center Analysis

Both the Berkeley and Putnam County projects are in initial stages of development with full implementation spanning multiple years and final investment numbers still in flux, so we can only use given estimates to determine the total tax revenue generated. The Penzance Management Project planned for Berkeley County is projected to be a $10 billion investment involving a 1.9 million square foot $4 billion facility on 548 acres with 600 megawatts of critical IT capacity and $6 billion of server-related equipment. The Google Project planned for Putnam County lacks investment specifics at the present time. For purposes of this brief analysis, total investment over multiple years until completion is estimated at $7 billion.

The determination of property tax yield begins with the appraisal of the property to be valued for tax purposes. West Virginia Law provides that taxable property should be appraised at fair market value and assessed for tax purposes at 60% of fair market value. Most commercial properties are valued using a cost approach. Property may also be valued using an income generation approach or a comparable sale approach. An income approach inclusive of some cost numbers will likely be used to value these facilities. A cost approach is used for this exercise given the lack of available income information.

In West Virginia, the property tax applies to both real property (generally land and buildings) and tangible personal property, including machinery, equipment and inventory. Qualified high technology property is to be appraised at salvage value or 5% of original cost for tax purposes. For comparison purposes, this type of property is completely exempt from tax in both Ohio and Pennsylvania. In Virginia, the assessed value of such property declines from 60% in the first year, to 45% in the second year, to 30% in the third year, to 15% in the fourth year, to 10% in the fifth year and to 5% in each year, thereafter. Following the assessment of taxable property at 60% of appraised value, jurisdictional tax rates are applied to arrive at the total property tax bill.

The Penzance Management Project: Berkeley County

Table 2: Data Center Property Tax-Berkeley County

COUNTY	CENTS/$100	SHARE OF TOTAL	ALLOCATION
STATE REGULAR LEVY	0.000	0%	$0
COUNTY REGULAR LEVY	0.000	0%	$0
COUNTY EXCESS	0.000	0%	$0
SCHOOL REGULAR LEVY	0.000	0%	$0
SCHOOL BONDS	17.920	7%	$4,623,360
SCHOOL EXCESS	91.800	38%	$23,684,400
STATE PIT REDUCTION FUND	66.080	27%	$17,048,640
COUNTY COMMISSION	39.648	16%	$10,229,184
ALL COUNTY	13.216	5%	$3,409,728
ECONOMIC GRANT FUND	6.608	3%	$1,704,864
ELECTRIC GRID FUND	6.608	3%	$1,704,864
TOTAL ALL	241.880	100%	$62,405,040
TOTAL COUNTY COMMISSION	40.547	17%	$10,461,231
TOTAL COUNTY SCHOOL BOARD	109.720	45%	$28,307,760
SHARE FROM ALL COUNTY	0.899		$232,047

The $10 billion Penzance Management Project is in rural Berkeley County where the current total property tax rate is 241.88 cents per hundred dollars of taxable valuation. Let's assume that this project is fully in place for the Fiscal Year 2027 budget. The baseline Fiscal Year 2027 budgeted gross yield of the local property tax for the Berkeley County School Board is nearly $111.2 million, including $43.4 million from the regular levy rate. The Fiscal Year 2027 budgeted gross yield of the local property tax for the Berkeley County Commission is more than $31.8 million from the regular levy rate. These budgeted numbers may be found at Local Government Services Division - wvsao.gov. The previous table illustrates the distribution shares of property tax associated with the Penzance Management Project (PM Project).

The total calculated incremental assessed valuation from the PM Project is $2.58 billion ($2.4 billion in real property and $180 million in salvage value personal property) with a tax yield of slightly more than $62.4 million. The regular levy rates account for 54% of the total tax or less than $34.1 million. The remaining $28.3 million share of increase associated with an excess levy goes to the Berkeley County School Board, a 25.5% increase in total funding associated with this project. The increment formula distributes 50% of the $34.1 million regular levy increment to the Personal Income Tax Reduction Fund ($17.0 million), 30% to the Berkeley County Commission ($10.2 million), 10% to the All-County Fund ($3.4 million), 5% to the Economic Enhancement Grant Fund ($1.7 million) and 5% to the Electric Grid Stabilization and Security Fund ($1.7 million). The All-County Fund distributes revenues to all 55 county commissions based on relative population size. The Berkeley County Commission receives more than $0.2 million from this fund. The Berkeley County Commission receives nearly $10.5 million in total revenue from the Project through the increment distribution formula for a net increase in revenues of 32.9%. School Board revenues rise by $28.3 million and County Commission revenues rise by nearly $10.5 million because of the PM Project.

Google Project: Putnam County

Table 3: Data Center Property Tax-Putnam County

COUNTY	CENTS/$100	SHARE OF TOTAL	ALLOCATION
STATE REGULAR LEVY	0.000	0%	$0
COUNTY REGULAR LEVY	0.000	0%	$0
COUNTY EXCESS	10.000	4%	$1,635,000
SCHOOL REGULAR LEVY	0.000	0%	$0
SCHOOL BONDS	14.640	6%	$2,393,640
SCHOOL EXCESS	91.800	37%	$15,009,300
STATE PIT REDUCTION FUND	66.800	27%	$10,921,800
COUNTY COMMISSION	40.080	16%	$6,553,080
ALL COUNTY	13.360	5%	$2,184,360
ECONOMIC GRANT FUND	6.680	3%	$1,092,180
ELECTRIC GRID FUND	6.680	3%	$1,092,180
TOTAL ALL	250.040	100%	$40,881,540
TOTAL COUNTY COMMISSION	50.508	20%	$8,258,022
TOTAL COUNTY SCHOOL BOARD	106.440	43%	$17,402,940
SHARE FROM ALL COUNTY	0.428		$69,942

The $7 billion Google Project is in rural Putnam County where the current total property tax rate is 250.04 cents per hundred dollars of taxable valuation. Let's assume that this project is fully in place for the Fiscal Year 2027 budget. The baseline Fiscal Year 2027 budgeted gross yield of the local property tax for the Putnam County School Board is nearly $54.9 million, including $21.7 million from the regular levy rate. The Fiscal Year 2027 budgeted gross yield of the local property tax for the Putnam County Commission is more than $18.5 million, including $15.4 million from the regular levy rate. These budgeted numbers may be found at Local Government Services Division - wvsao.gov. The previous table illustrates the distribution shares of property tax associated with the Google Project.

The total calculated incremental assessed valuation from the Google Project is $1.635 billion ($1.5 billion in real property and $135 million in salvage value personal property) with a tax yield of nearly $40.9 million. The regular levy rates account for 53% of the total tax or more than $21.8 million. The remaining $19.0 million share of increase associated with excess levies goes to the Putnam County Commission ($1.6 million) and the Putnam County School Board ($17.4 million). The Putnam County School Board receives a 31.7% increase in total funding associated with this project. The increment formula distributes 50% of the $21.8 million regular levy increment to the Personal Income Tax Reduction Fund ($10.9 million), 30% to the Putnam County Commission ($6.6 million), 10% to the All-County Fund ($2.2 million), 5% to the Economic Enhancement Grant Fund ($1.1 million) and 5% to the Electric Grid Stabilization and Security Fund ($1.1 million). The All-County Fund distributes revenues to all 55 county commissions based on relative population size. The Putnam County Commission receives nearly $70,000 from this fund. The Putnam County Commission receives nearly $8.3 million in total revenue from the Project through the increment distribution formula for a net increase in revenues of 44.6%. School Board revenues rise by $17.4 million and County Commission revenues rise by nearly $8.3 million because of the Project.

Conclusion

West Virginia local governments stand to benefit from a data center construction boom driven by artificial intelligence and cloud computing needs. Data center projects contain high levels of real property and tangible personal property investment with a sizeable geographic footprint beyond typical commercial or industrial development. Such capital investment generates sizeable local property tax collections mainly for the benefit of county schools and county commissions along with some additional benefits for all State Taxpayers.

Local governments, including schools, in Berkeley County retain more than 62% (i.e., $38.8 million out of $62.4 million) of the incremental property tax gains from the Penzance Management Project. Local governments, including schools, in Putnam County retain nearly 63% (i.e., $25.7 million out of $40.9 million) of the incremental property tax gains from the Google Project. Remaining funds are partially dedicated to economic enhancement grants as matching funds for infrastructure projects, including but not limited to water and sewer needs. Other dedications include funds for the personal income tax reduction fund, funds for local consumer electric grid stabilization and funds distributed to all counties based on population share. As more data centers are developed, the value of the All-County Fund for county commissions across the State will also increase in importance. Local governments are major beneficiaries of property tax revenues associated with large capital investments in data centers around the State.