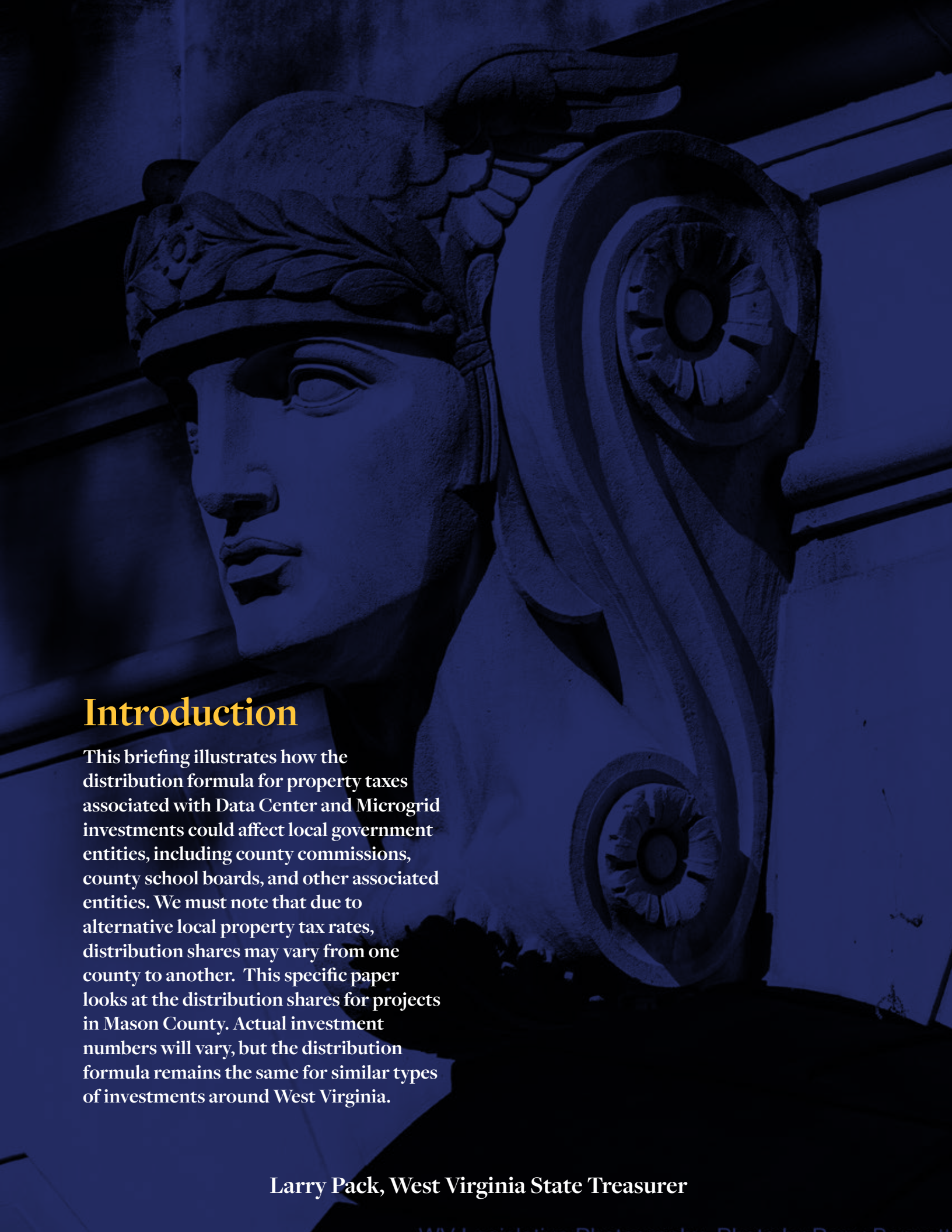


West Virginia Treasury Analysis: Tax Impact of Data Centers on Local Communities - Mason County

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Introduction

This briefing illustrates how the distribution formula for property taxes associated with Data Center and Microgrid 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, distribution shares may vary from one county to another. This specific paper looks at the distribution shares for projects in Mason County. Actual investment numbers will vary, but the distribution formula remains the same for similar types of investments around West Virginia.

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Framework from HB 2014 Power Generation and Consumption Act of 2025

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.

This report looked at two announced projects in Mason County, Nscale Monarch project (\$12.48 billion estimated) and the Tamarack project (\$3.925 billion estimated). Of note, the Nscale project includes revenue from investment in electric power generation tangible personal property (Non-High Tech TPP) because of proposed on-site power generation.

The expected government revenue gained is \$47.5 million for the Mason County Commission and \$90.3 million for Mason County Schools, annually. The Personal Income Tax (PIT) Reduction Fund would receive more than \$66.8 million.

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

Both Mason County projects are in initial stages of development with full implementation spanning multiple years and final investment numbers still in flux,



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Data Center Analysis

Table 1: Investment & Property Tax Estimates

MASON COUNTY NSCALE PROJECT INVESTMENT: \$64.9 BILLION

	APPRAISED VALUE	60% ASSESSED VALUE	2.3488% ESTIMATED TAX
REAL PROPERTY	\$6,090,000,000	\$3,654,000,000	\$85,825,152
NON-HIGH TECH TPP*	\$3,632,000,000	\$2,179,200,000	\$51,185,050
TANGIBLE PERSONAL PROPERTY	\$55,166,000,000	N/A	
ASSUME 5% SALVAGE VALUE	\$2,758,300,000	\$1,654,980,000	\$38,872,170
TOTAL TAXABLE VALUE	\$12,480,300,000	\$7,488,180,000	
TOTAL TAX @2.3488%			\$175,882,372

MASON COUNTY TAMARACK PROJECT INVESTMENT: \$12 BILLION

	APPRAISED VALUE	60% ASSESSED VALUE	2.3488% ESTIMATED TAX
REAL PROPERTY	\$3,500,000,000	\$2,100,000,000	\$49,324,800
TANGIBLE PERSONAL PROPERTY	\$8,500,000,000	N/A	
ASSUME 5% SALVAGE VALUE	\$425,000,000	\$255,000,000	\$5,989,440
TOTAL TAXABLE VALUE	\$3,925,000,000	\$2,355,000,000	
TOTAL TAX @2.3488%			\$55,314,240

so we can only use given estimates to determine the total tax revenue generated. The Nscale Project-Phase 1 planned for Mason County is projected to be a \$64.9 billion net capital investment involving a 1.35 GW data center (“Monarch data center”) and 2 GW natural gas power plant (“Monarch power plant”) and is phase one of a large investment by the company. Construction is expected to occur over approximately two years, with \$69.2 billion in planned expenditures. The Tamarack Project investment by Starwood Capital Group is projected to be a \$12 billion data center project in Mason County. Greater details beyond the \$12 billion investment figure are not yet available. For purposes of this brief, the \$12 billion investment was split between \$3.5 billion in real estate and \$8.5 billion in equipment.

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. Both projects are in rural Mason County where the current total property tax rate is 234.88 cents per hundred dollars of taxable valuation. Let's assume that these projects are fully in place for the Fiscal Year 2027 budget. The baseline Fiscal Year 2027 budgeted gross yield of the local property tax for the Mason County School Board is nearly \$19.7 million, including \$9.0 million from the regular levy rate. The Fiscal Year 2027 budgeted gross yield of the local property tax for the Mason County Commission is nearly \$7.5 million, including more than \$6.6 million from the regular levy rate, and more than \$0.8 million from an excess levy for fire and emergency services. These budgeted numbers may be found at Local Government Services Division - wvsao.gov. The following table illustrates the distribution shares of property tax associated with the

combined Nscale Phase 1 and Tamarack Projects.

The total calculated incremental assessed valuation from the Nscale Phase 1 Project is nearly \$7.49 billion (\$3.65 billion in real property, \$2.18 billion in non-high tech tangible personal property and \$1.65 billion in salvage value personal property) with a tax yield of nearly \$175.9 million. The total calculated incremental assessed valuation from the Tamarack Project is more than \$2.35 billion (\$2.1 billion in real property and \$255 million in salvage value personal property) with a tax yield of \$55.3 million. The sum incremental property tax gain from both projects is nearly \$231.2 million. The regular levy rates account for 58% of the total tax or less than \$133.7 million. The remaining \$97.5 million share of increase associated with excess levies is split between the Mason County School Board and the Mason County Commission. **The Mason County School Board receives an additional \$90.4 million, a 459% increase in total funding associated with this project from less than \$19.7 million to \$110.0 million. An extra \$7.2 million goes to the County Commission's Fire and EMS Program, a nearly 9.5-fold increase in such funding.**

Table 2: Data Center/Microgrid Property Tax-Mason County

COUNTY	CENTS/\$100	SHARE OF TOTAL	ALLOCATION
STATE REGULAR LEVY	0.000	0%	\$0
COUNTY REGULAR LEVY	0.000	0%	\$0
COUNTY EXCESS	7.280	3%	\$7,165,835
SCHOOL REGULAR LEVY	0.000	0%	\$0
SCHOOL BONDS	0.000	0%	\$0
SCHOOL EXCESS	91.800	39%	\$90,360,392
STATE PIT REDUCTION FUND	67.900	29%	\$66,835,192
COUNTY COMMISSION	40.740	17%	\$40,101,115
ALL COUNTY	13.580	6%	\$13,367,038
ECONOMIC GRANT FUND	6.790	3%	\$6,683,519
ELECTRIC GRID FUND	6.790	3%	\$6,683,519
TOTAL ALL	234.880	100%	\$231,196,612
TOTAL COUNTY COMMISSION	48.213	21%	\$47,456,625
TOTAL COUNTY SCHOOL BOARD	91.800	39%	\$90,360,392
SHARE FROM ALL COUNTY	0.193		\$189,675

The increment formula distributes 50% of the \$133.7 million regular levy increment to the Personal Income Tax Reduction Fund (\$66.8 million), 30% to the Mason County Commission (\$40.1 million), 10% to the All-County Fund (\$13.4 million), 5% to the Economic Enhancement Grant Fund (\$6.7 million) and 5% to the Electric Grid Stabilization and Security Fund (\$6.7 million). The All-County Fund distributes revenues to all 55 county commissions

based on relative population size. The Mason County Commission receives nearly \$0.2 million from this fund. The Mason County Commission receives nearly \$47.5 million in total revenue from these Projects through the increment distribution formula for a net increase in revenues of nearly 634%. School Board revenues rise by nearly \$90.4 million and County Commission revenues rise by nearly \$47.5 million because of these projects.

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 Mason County retain 60% (i.e., \$137.8 million out of \$231.2 million) of the incremental property tax gains. 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.

Sources:

1. Ernst & Young (EY). (2026, August). *Economic and tax contributions of Monarch Compute Campus in Mason County and West Virginia*. Prepared for Nscale.
https://goxvjuya4o8wh25n.public.blob.vercel-storage.com/Nscale%20Monarch%20Compute%20Campus%20EIA%208.25.2026_Revisedv2.pdf



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