

The background of the entire page is a photograph of a data center. The top half shows the ceiling with a complex network of black metal beams and orange cables. The bottom half shows rows of server racks with blue and white lights. The overall color scheme is blue and orange.

DATA CENTER INDUSTRY **TAX REVENUE REPORT**

2025

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COUNTY

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EXECUTIVE SUMMARY

Data center activity was one of the primary drivers of tax revenue growth in Prince William County between Tax Year (TY) 2024 and TY 2025, with total revenues increasing from \$293.7 million to \$465.9 million. This expansion reflects a combination of substantial capital investment in taxable equipment, continued buildout of real property, and the impact of the increased computer equipment and peripherals tax rate. As one of the largest and fastest-growing components of the County's tax base, the data center sector plays a significant role in overall revenue generation.

From a fiscal perspective, this growth is both significant and structurally distinct. Longer equipment lifecycles and phased deployment strategies are contributing to a more stable and predictable taxable base, while ongoing investments in high-value computing infrastructure continue to drive upward pressure on assessed values. With 55 completed facilities, a strong development pipeline, and a higher adopted tax rate for TY 2026, data centers are expected to remain a leading source of revenue growth, while also introducing greater complexity in forecasting and long-term revenue planning.



Contribution to Tax Revenues

Data centers are a cornerstone of Prince William County's commercial tax base, generating \$465.9 million in total tax revenue in TY 2025, an increase of 59% over the prior year.

- Data Centers contributed 92.3% of all commercial real estate growth and appreciation.
- Real property tax revenue from data centers reached \$221.8 million.
- Business tangible property tax revenue, driven largely by investments in computing equipment, totaled \$241.4 million, including \$218.1 million from computer equipment & peripherals.
- Fees and licensing revenues rose to \$2.7 million, reflecting expanding operations.

Growth Trends

In the last decade, data center tax revenues have multiplied more than 20 times, reflecting their rapid and sustained expansion in the County. TY 2025 witnessed:

- The completion of ten (10) new data center buildings, raising the total count of Turnkey and Powered Shell data centers to 55 .
- 621 megawatts (MW) of new capacity added, increasing the Turnkey Data Centers' total power capacity to 1,483 MW.
- Nearly four (4) million square feet of new Turnkey Data Center space added.
- An increase in land acquisitions and rezonings.

Tax Categories

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 2025, 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 tax rate increase, per \$100 of assessed value, from \$3.70 in TY 2024 to \$4.15 in TY 2025, 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 \$4.50 from \$4.15.
- **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 comprehensive analysis of tax revenues generated by data centers located in Prince William County in 2025, with a broader review spanning tax years 2016 through 2025.

It is intended to enhance transparency and support strategic planning by detailing revenue contributions from real property, business tangible property, as well as fees and licensing.

Data centers play a critical role in the modern economy, supporting industries such as finance, healthcare, government, and technology, including emerging applications like artificial intelligence, digital asset processing and autonomous systems. Prince William County has emerged as a major data center hub due to its strategic advantages, including robust fiber connectivity, reliable power infrastructure, proximity to key network exchange points, a favorable climate, and a business-friendly environment. The Board's adoption of the Data Center Opportunity Zone Overlay District in 2016 further reinforced this position by incentivizing development in targeted areas, aligning with broader economic goals focused on diversification, innovation, and long-term resilience.

The report begins with an overview of the geographic distribution of data center facilities, followed by an analysis of real property and business tangible property assessments. Key findings for TY 2024 through TY 2025 highlight a period of accelerated growth. Turnkey capacity increased by 621 MW, including both new construction and expansions of existing facilities, while total square footage grew to approximately 9.8 million square feet. An additional 4.5 million square feet remains under construction across 17 buildings, signaling continued expansion. At the same time, trends in equipment investment and depreciation reflect a shift toward longer asset lifecycles and phased deployment strategies, contributing to a more stable yet increasingly complex revenue base.

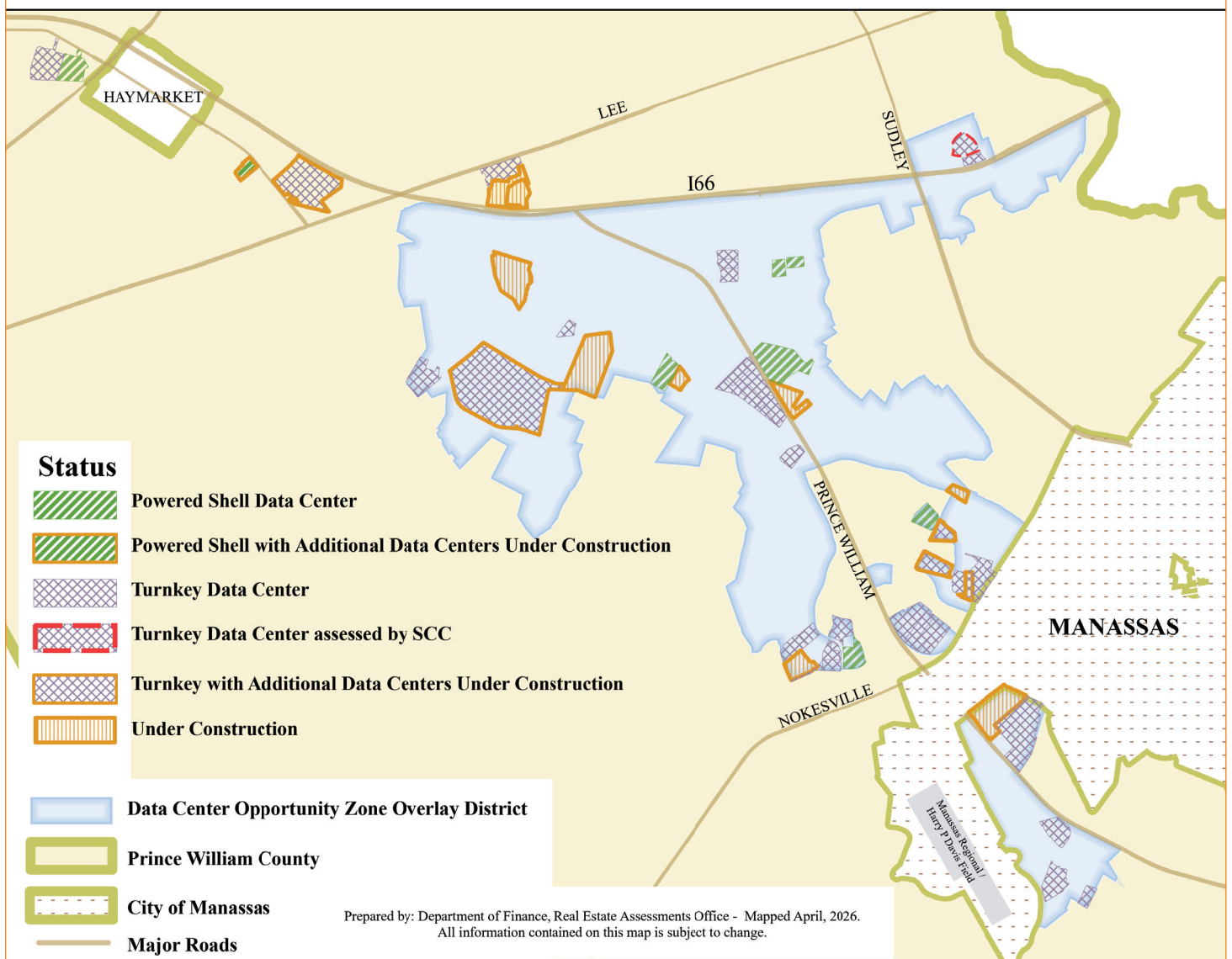


DATA CENTER MAP

The map below provides a geographic representation of the data center landscape in Prince William County at the beginning of tax year 2025. 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, 2025
(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**

Turnkey Data Center

A **Turnkey Data Center** is a fully developed facility. Regardless of whether it is owner-occupied, single-tenant, or multi-tenant, and irrespective of whether it was converted from a warehouse or purpose-built, the key factor is that it must be fully equipped for operation. The term “turnkey” signifies that the end-user can simply “turn the key” and commence operations without delay. Generally, a single entity owns the land, the building, and the fixtures, and manages the building’s operations. When leased, these turnkey facilities may be classified 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 primary determinant of a turnkey facility’s assessed value.

Powered Shell Data Center

A **Powered Shell Data Center** is a facility where the developer constructs the building exterior shell, with power and connectivity available, then the tenant completes the interior build-out. 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.

Under-Construction Data Center

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, which aligns with the calendar year (CY). Assessments for TY 2025 are effective on January 1, 2025, and were entered into the County's 2025 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 2025 assessments and collections are recognized as FY 2026 revenues.

In TY 2025, data centers accounted for 60% of all commercial assessments, driven by high capital investment in data center facilities and 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: the sales comparison approach, the cost approach, and the income approach.

Sales Comparison 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.

Cost Approach

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).

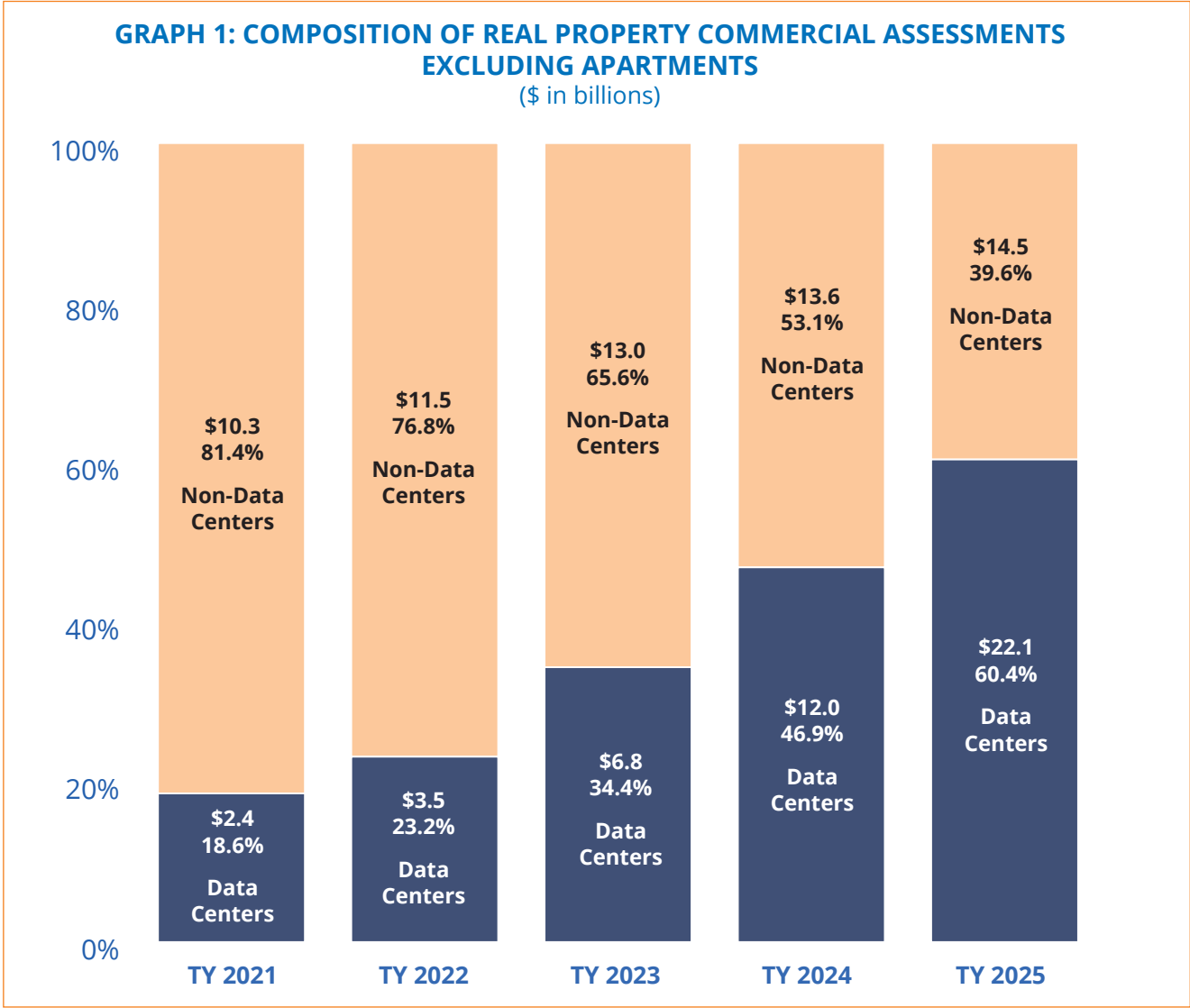
Income Approach

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).



Data center values increased 84% from \$12 billion in TY 2024 to \$22.1 billion in TY 2025, with growth accounting for 30.6% of that increase.

DATA CENTER INVENTORY

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 capacity, square footage (SqFt), and assessed value for each data center type.

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 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 Department of Finance and 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. Megawatt capacity for Powered Shell facilities is not tracked for real estate assessment purposes.

TABLE 1: TURNKEY DATA CENTERS

Turnkey	TY 2025	TY 2024	Change
Actual & Imputed MW	1,483	862	621
Square Feet	9,835,240	5,844,023	3,991,217
Building Count	39	29	10
Assessed Value	\$15,498,350,200	\$8,178,801,700	\$7,319,548,500

 MW Capacity

- The total capacity increased by 621 MW, rising from 862 MW in TY 2024 to 1,483 MW in TY 2025.
- No facilities were reclassified from the Turnkey and Powered Shell categories or vice versa.
- Of the 621 MW increase, approximately 437 MW was attributed to new construction, 184 MW was attributed to the expansion of Turnkey Data Centers’ power capacity.

 Square Footage

- Construction completion in calendar year 2025 added 3,991,217 SqFt to Turnkey Data Center buildings.

 Building Count

- The number of completed Turnkey Data Center buildings reached 39, reflecting 10 new buildings completed in CY 2025

 Assessed Value

- The total assessed value for Turnkey Data Centers in TY 2025 was \$15,498,350,200. 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

Powered Shell	TY 2024	TY 2023	Change
Estimated MW	442	400	42
Square Feet	2,540,813	2,287,847	252,966
Building Count	16	15	1
Assessed Value	\$981,001,200	\$603,844,700	\$377,156,500

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 442 MW.** One completed building was reclassified from Under Construction to Powered Shell, based on information received about the facility's May 2022 lease.

Square Footage

- **Powered Shell Data Centers account for 2,540,813 SqFt.**

Building Count

- **The number of completed Powered Shell Data Center buildings increased to 16 in TY 2025.**

Assessed Value

- **The total assessed value for Powered Shell Data Centers in TY 2025 was \$981,001,200.**



UNDER-CONSTRUCTION DATA CENTERS

 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 2025, the **Under-Construction Data Centers’ potential power capacity is estimated at 563 MW.**

 Square Footage

- **Under-Construction Data Centers at the end of 2025 account for a total of 4,524,385 SqFt.**

 Building Count

- **There were 17 buildings considered construction-in-progress in TY 2025.**

 Assessed Value

- **The total assessed value for Under-Construction Data Centers in TY 2025 was \$859,453,500.**

Completed New Construction (Supplemental Assessments)

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 2025 totaled \$632,460,800.

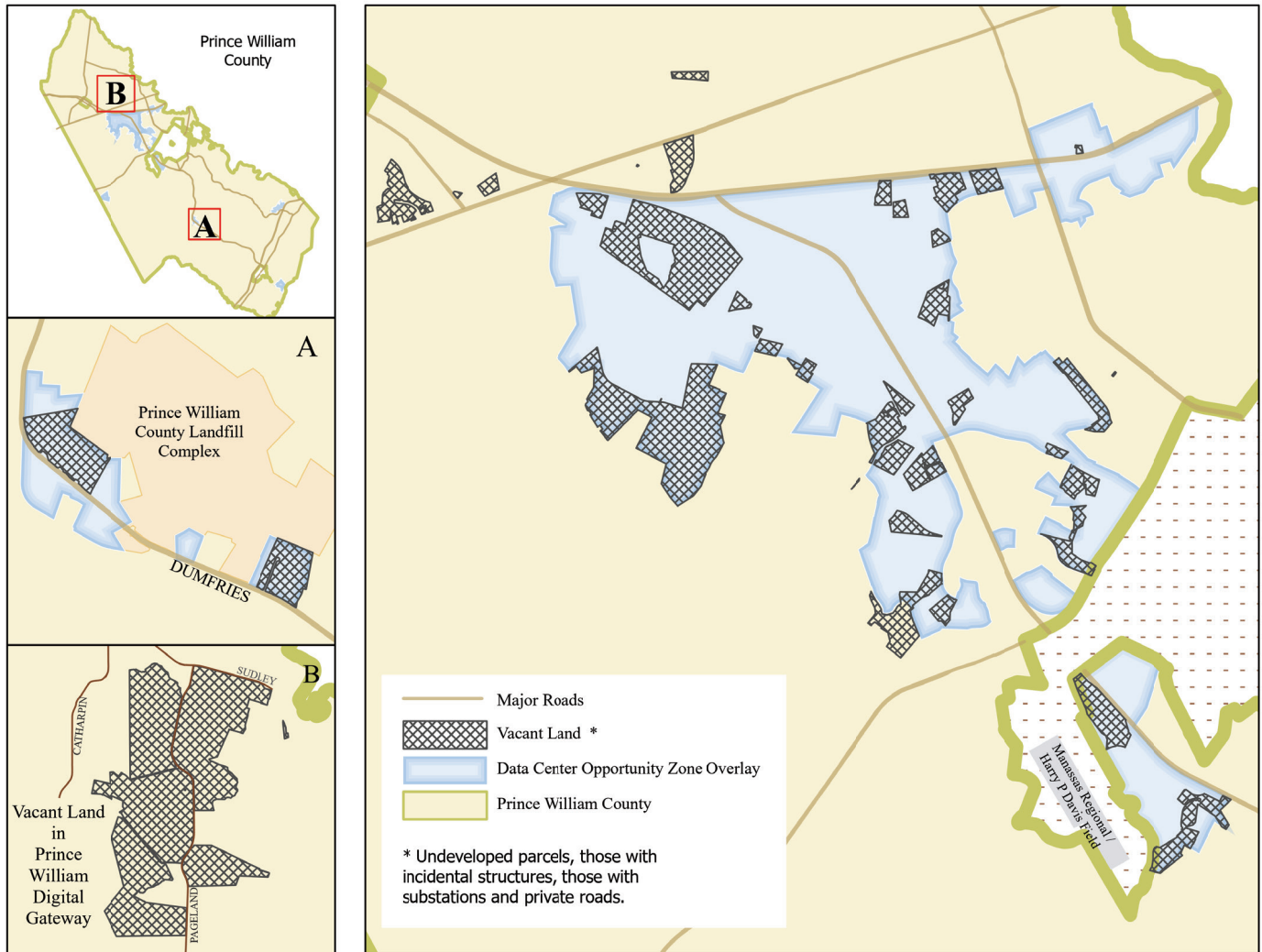
DATA CENTER VACANT LAND

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

Data center land comprises raw parcels and those with incidental structures, such as dilapidated houses and offices, paving, sheds, and other structures that contribute minimal value 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 April 2026. All information contained on this map is subject to change.

TABLE 3: DATA CENTER LAND ACREAGE AND ASSESSED VALUES

Real Property Type	Acreage			Land Book
	TY 2025	TY 2024	Change	TY 2025
Vacant Land	4,012	4,126	-114	\$5,196,930,700
Substations	195	117	78	\$248,260,200
Total	4,207	4,243	-34	\$5,445,190,900

All values are rounded to the nearest integer.



Total Acreage

- Vacant land as well as land with incidental structures and substations that are categorized as data center land in TY 2025 totaled 4,207 acres.



Rezoning and Acquisitions

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



Existing Inventory

- The data center land inventory decreased in 2025, as more land was developed than was rezoned/ recategorized from other uses to data center purposes. In addition, more land was dedicated to becoming power substations.



Total Vacant Land Assessment

- TY 2025 data centers' total vacant land assessment was \$5,196,930,700.
- The land assessment base rate for TY 2025 was \$2,309,400 per acre with adjustments for Floor Area Ratio (the ratio of the allowable building square feet to the parcel size) and other property characteristics.
- Data center land sales ranged from \$1,160,800 to \$3,091,200 per acre in TY 2024 and from \$2,309,400 to \$3,818,900 per acre in TY 2025.



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 2025, approximately 44 acres of land were rezoned for data center use. The supplemental value assessed for land rezoned to permit data center development in TY 2025 totaled \$24,035,100.

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 \$4.15 in TY 2025. Throughout the period from 2012 to 2025, the tax rate for business tangible property employed in a trade or business (including business equipment, furniture & fixtures) remained unchanged at \$3.70 per \$100 of assessed value.

TABLE 4: HISTORICAL TAX RATES FOR BUSINESS TANGIBLE PROPERTY

Tax Year	Computer Equipment & Peripherals	Furniture & Fixtures
2012 - 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
2025	\$4.15	\$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 prior year purchases to a minimum of 10% for items nine or more years old.



Computer Equipment & Peripherals

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



Other Equipment & Machinery

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

Data Center Industry Equipment Refresh Rates and Fiscal Implications

In recent years, data center equipment refresh cycles have lengthened considerably, with server and core infrastructure lifecycles extending beyond the historical 3-4 year range to approximately 5-6 years or longer. Industry operators have adjusted depreciation schedules accordingly, reflecting the extended useful life of these assets. This shift has important fiscal implications: as equipment remains in service longer, it stays on the books for extended periods, resulting in a more gradual and predictable depreciation profile. Consequently, taxable value across large-scale data center operations has become more stable, with fewer abrupt fluctuations tied to wholesale equipment replacement cycles.

At the same time, this longer lifecycle at the system level coexist with more rapid turnover in select high-value components, particularly AI accelerators such as GPUs¹. While full server platforms are retained for longer periods, these components are often upgraded or redeployed on shorter cadences driven by significant gains in performance and energy efficiency. This has led to a more layered refresh model in which the majority of capital assets support financial stability and predictable valuation, while a smaller subset of equipment cycles more quickly within the existing infrastructure. The result is a balance between operational competitiveness and fiscal consistency, enabling operators to adopt new technologies without reintroducing the volatility associated with more frequent, large-scale hardware replacement.

Emerging Processing Technologies and Industry Evolution

Building on this shift, the data center hardware landscape has become significantly more heterogenous. Traditional CPU²-based systems are now complemented by a broader mix of specialized processors, including GPUs for artificial intelligence and high-performance computing, DPUs³ and SmartNICs⁴ for networking and storage optimization, and custom-designed accelerators deployed by hyperscale operators. These technologies vary widely in cost, power consumption, performance characteristics, and expected lifecycle, reinforcing the move away from uniform refresh cycles toward a more componentized and workload-specific approach to infrastructure management.

This increasing complexity introduces new considerations for business tangible property reporting and assessment practices. While the extended life of core infrastructure supports valuation stability, the growing presence of rapidly evolving, high-cost components complicates how assets are classified, depreciated, and reassessed. Operators are increasingly balancing reuse, redeployment, and selective upgrades rather than undertaking full system replacements, blurring traditional asset boundaries and lifecycle assumptions. As the industry continues to prioritize density, efficiency, and specialization, assessment frameworks will need to evolve to reflect these hybrid deployment models and the differentiated economic lives of modern data center assets.

AVERAGE ASSESSED VALUE OF DEPRECIATED EQUIPMENT

To illustrate the fiscal effects of extended hardware lifecycles, increasing deployment density, and the growing diversity of processing technologies, the following table presents a comparative view of reported data center equipment values across tax years 2023 and 2025. By examining trends in book cost, depreciated value, and associated square footage, this data provides a practical lens into how evolving refresh patterns and component-level investment strategies are influencing asset valuation and overall assessment profiles within modern data center environments. The table 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.

¹GPU (Graphics Processing Unit): A specialized computer chip built to handle massive amounts of math simultaneously. Originally created for video games, they are now essential for powering artificial intelligence (AI) and complex scientific research.

²CPU (Central Processing Unit): The main “brain” of a computer that handles general operating tasks, manages system instructions, and keeps the overall computer running.

³DPU (Data Processing Unit): A dedicated chip that acts as a traffic controller inside data centers. It handles data movement, security, and storage tasks, freeing up the main brain (the CPU) to focus on processing information.

⁴Smart NIC (Smart Network Interface Card): An advanced network plug built into servers. It speeds up communication between computers and manages heavy network traffic directly at the hardware level, keeping data flowing smoothly.

A decline in average book value per square foot alongside a large increase in total square footage suggests that newer capacity is being added more efficiently from a capital standpoint. In other words, operators are scaling out facilities without a proportional increase in reported book cost. This is consistent with current development patterns, where securing power and space has become a priority, and fit-out of high-cost equipment may lag or occur more selectively over time.

At the same time, the average depreciated value per square foot remains relatively stable, which reflects the impact of extended equipment lifecycles. Older, high-value assets are remaining in service and on the books longer, anchoring the overall depreciated value even as new, potentially less densely equipped space is added. This aligns with the shift toward longer system lifespans and more incremental, component-level upgrades rather than wholesale replacement.

Taken together, the divergence between book value and depreciated value per square foot reinforces the broader trend: data center growth is becoming more space- and power-driven, while capital investment is increasingly concentrated in specific high value components deployed over time. The result is a more gradual layering of value across expanding square footage, rather than sharp increases tied to fully built-out, uniformly equipped facilities

TABLE 5: EQUIPMENT AVERAGE ASSESSED VALUE PER SQUARE FOOT AS OF MAY 2025

	TY 2025	TY 2024	TY 2023
Return Book Cost (Gross Purchase Price)	\$21,098,752,732	\$15,675,743,000	\$13,966,704,000
Return Depreciated Value	\$5,885,158,754	\$3,974,017,000	\$3,718,645,000
Square Footage	12,085,746	8,131,870	7,041,710
Average Book Value	\$1,746	\$1,928	\$1,983
Average Depreciated Value	\$487	\$489	\$528

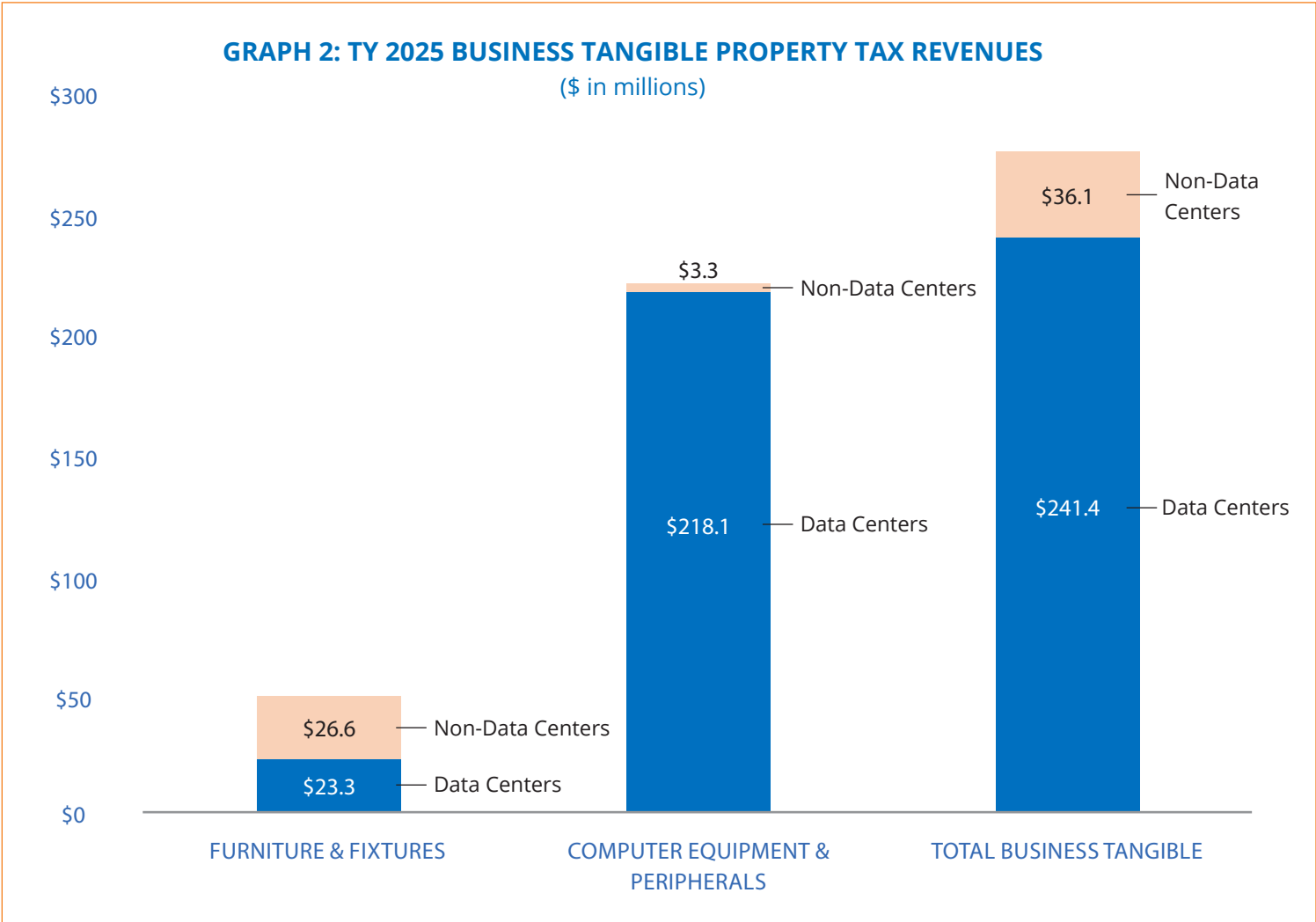
REVENUE CONTRIBUTIONS FROM DATA CENTERS VS. NON-DATA CENTERS

The following section provides a comparison of contributions to business tangible property tax revenues from Data Centers versus Non-Data Centers during TY 2025. 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 Other 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 graph highlights the realized revenues across the three categories of business tangible property. The revenue from Other Equipment & Machinery is included in the Total Business Tangible column, within the other strata amount.



All values are rounded to the nearest tenth.

 Furniture & Fixtures

In TY 2025, Data Centers were responsible for 47% of all Business Equipment, Furniture & Fixtures revenue, amounting to \$23.3 million. The nearly even split underscores that both sectors are significant owners of assets within this category.

- **Total Revenue (TY 2025):** \$49.8 million
- **Data Centers:** \$23.3 million or 47%
- **Non-Data Centers:** \$26.6 million or 53%
- **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 99% of the total revenue, or \$218.1 million.

- **Total Revenue (TY 2025):** \$221.4 million
- **Data Centers:** \$218.1 million or 99%
- **Non-Data Centers:** \$3.3 million or 1%
- **Tax Rate:** \$4.15 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.



Other Equipment & Machinery

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

- **Total Revenue (TY 2025):** \$6.2 million
- **Contributions:** 100% from Non-Data Centers



Total Business Tangible Revenues

- Combined, **Data Centers contributed \$241.4 million in tangible property tax revenue**, representing **87% of all realized revenue in this category**.
- **Non-Data Center businesses**, by comparison, generated **\$26.6 million from Business Equipment and Furniture & Fixtures, \$3.3 million from Computer Equipment & Peripherals, and a total of \$36.1 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 TY 2024, the rate for this classification was \$3.70 per \$100 of taxable value; in TY 2025, it rose to \$4.15.**
- Based on constant assessed value assumptions, **approximately \$24 million of the TY 2025 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 2027 budget adoption the Board of County Supervisors increased the Computer Equipment & Peripherals tax rate to \$4.50 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.

Business Equipment, Furniture & Fixtures

Following the pronounced surges observed during 2020-2021, which aligned with waves of rapid commercial expansion and data center development, revenue associated with the business equipment, furniture & fixtures classification, has remained relatively stable over the past three years, holding at \$23 million. This recent stability contrasts with continued growth in reported investment, as book cost for business furniture and fixtures increased by approximately \$100 million year over year.

Despite this increase in investment, the corresponding rise in depreciated and taxable value was minimal, moving only from \$628.3 million to \$629.4 million. This pattern is consistent with the broader trends observed across data center assets: incremental additions are being offset by aging asset bases that remain in service longer under extended depreciation schedules. As a result, even with ongoing capital inflows, the net taxable value remains relatively flat, reflecting a more mature asset profile and reinforcing the shift toward longer lifecycles and more gradual value realization.

TABLE 6: 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
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%
2025	\$23.3	\$26.6	\$49.8	46.7%	0%

- Data Center revenue holding at \$23 million.
- Non-data center grew from \$22.5 million to \$26.6 million year-over-year.

Computer Equipment & Peripherals

The computer equipment and peripherals classification experienced the most significant growth among all categories, with total revenue increasing from \$128.7 million in TY 2024 to \$221.4 million in TY 2025. It is important to note that approximately \$24 million of this year-over-year increase is attributable to the previously discussed tax rate adjustment, which rose from \$3.70 to \$4.15 per \$100 of taxable value. Even when accounting for this change, the magnitude of growth reflects a substantial expansion in the underlying tax base.

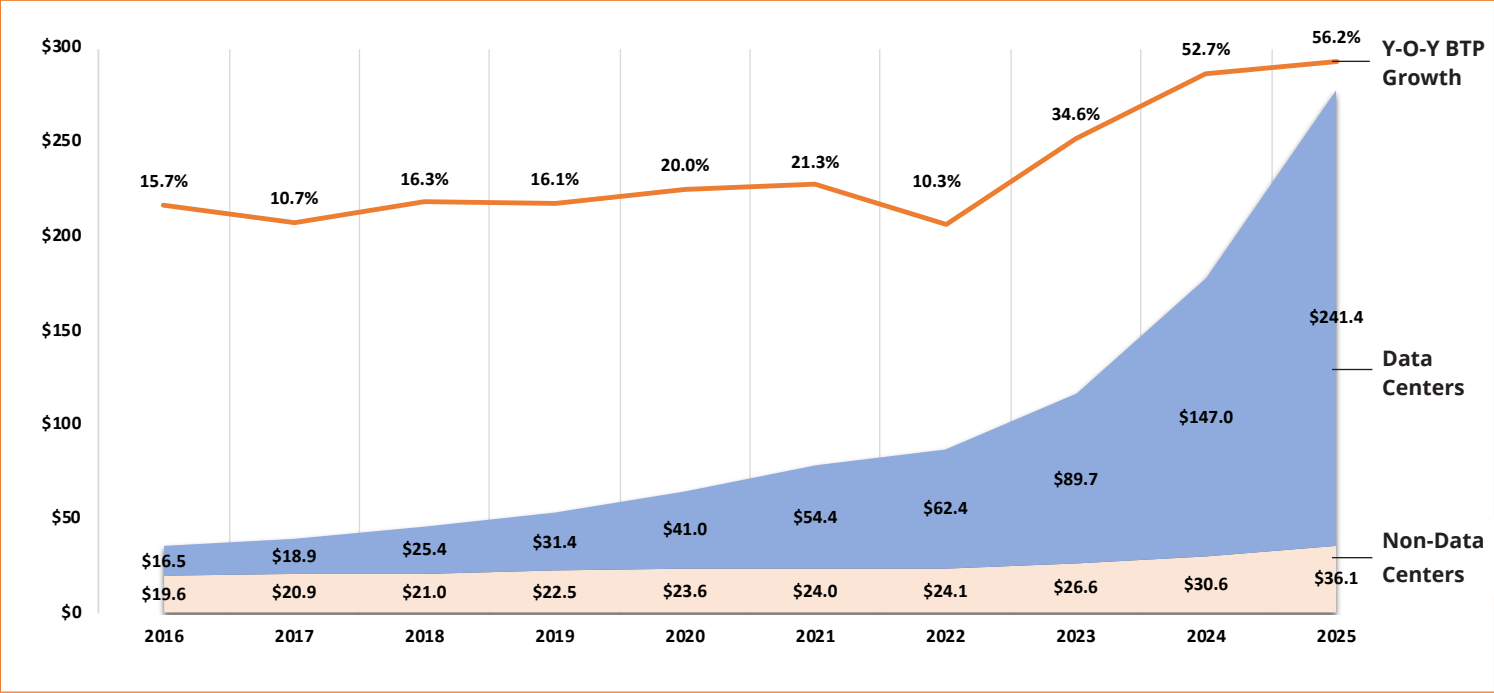
TABLE 7: COMPUTER EQUIPMENT & PERIPHERALS TAX REVENUE CONTRIBUTIONS FROM DATA CENTERS
(\$ in millions)

Tax Year	Data Centers	Non-Data Centers	Total Revenues	% Data Centers	Data Center % Y-O-Y Growth
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%
2025	\$218.1	\$3.3	\$221.4	98.5%	76%

- Data center revenues rose from \$123.9 million to \$218.1 million
- Non-data center revenues declined from \$4.8 million in TY 2024 to \$3.3 million in TY 2025.

This category is overwhelmingly driven by data center activity, which accounts for approximately 99% of total revenue. Data center-related revenues increased from \$123.9 million to \$218.1 million, representing a 76% year-over-year gain, while non-data center revenues declined from \$4.8 million to \$3.3 million. This concentration underscores the central role of data center investment, particularly in compute-intensive infrastructure, in driving growth within this classification. In the context of broader industry trends, the increase is consistent with continued capital deployment into high-value computing equipment, even as refresh cycles lengthen at the system level, reflecting a shift toward targeted investment in performance-critical components within expanding data center footprints.

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 per annum, after the due date, 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 \$2.5 million in TY 2024 to \$2.7 million in TY 2025, 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 8: 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
2016	\$6.1	\$9.1	\$7.3	\$0.3	\$22.9	32%
2017	\$8.3	\$10.5	\$8.5	\$0.7	\$27.9	22%
2018	\$10.8	\$15.4	\$10.1	\$0.4	\$36.7	31%
2019	\$20.8	\$20.3	\$11.1	\$1.0	\$53.2	45%
2020	\$23.5	\$24.6	\$16.5	\$0.8	\$65.4	23%
2021	\$30.3	\$34.1	\$20.3	\$1.2	\$85.9	31%
2022	\$47.3	\$40.4	\$22.0	\$1.1	\$110.8	29%
2023	\$75.4	\$66.4	\$23.3	\$1.3	\$166.4	50%
2024	\$144.2	\$123.9	\$23.2	\$2.5	\$293.7	77%
2025	\$221.8	\$218.1	\$23.3	\$2.7	\$465.9	59%

The County's total tax revenue from data centers, inclusive of real property, business personal property, and applicable fees and licensing, increased substantially from \$293.7 million in TY 2024 to \$465.9 million in TY 2025. This sharp rise reflects both an expansion of the underlying tax base and the impact of rate adjustments across key categories.

The magnitude of growth underscores the continued scale and strategic concentration of data center development within the County. Consistent with broader industry trends, this expansion is being driven by sustained demand for high-density, compute-intensive infrastructure, as well as ongoing investment in both new capacity and incremental upgrades within existing facilities. Together, these factors reinforce the County's position as a major hub for data center activity and highlight the increasing fiscal significance of the sector within the overall tax base.

CATEGORY CONTRIBUTIONS



Real Property

Revenues have climbed significantly from \$144.2 million in TY 2024 to \$221.8 million in TY 2025, driven by the ongoing development and expansion of data center campuses.



Computer Equipment & Peripherals

This category continues its upward trajectory, reaching \$218.1 million in TY 2025 and solidifying its role as a core revenue stream within the business tangible property classification.



Business Equipment, Furniture & Fixtures

Revenue remained steady, with \$23.3 million realized in TY 2025, 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 \$2.7 million, continuing a pattern of consistent year-over-year growth as development activity remains strong.

Factors Driving Revenue Growth



Continued Expansion

A primary driver of revenue growth is the continued expansion of data center operations within the County, particularly in compute-intensive infrastructure. As reflected in the substantial increase in computer equipment and peripherals revenue, operators are deploying significant capital into high-value hardware, including AI-oriented systems and other performance-critical components. This growth is occurring even as overall server lifecycles lengthen, reinforcing the shift toward targeted, component-level investment rather than whole system replacement. The concentration of this activity—accounting for approximately 99% of revenue in the computer equipment and peripherals category—further amplifies its fiscal impact, positioning data centers as the dominant force behind overall tax base growth.



Physical Footprint

In parallel with rising equipment investment, the physical footprint of data centers has expanded considerably, as evidenced by the significant increase in total square footage. This expansion reflects both new development and the phased buildout of existing campuses, often driven by the need to secure power capacity and accommodate future high-density deployments. Notably, the decline in average book value per square foot alongside stable depreciated values suggests that newer space is being added more efficiently and, in some cases, not fully outfitted at initial delivery. This results in a more gradual layering of taxable value over time, as facilities are incrementally equipped and brought to full operational capacity.



Tax Policy

Tax policy changes have also played a meaningful role in year-over-year revenue growth. The increase in tax rate from \$3.70 to \$4.15 per \$100 of taxable value directly contributed to higher revenues across multiple classifications, including an estimated \$24 million impact within the computer equipment and peripherals category alone. While underlying growth in assessed value remains the primary driver, the rate adjustment has amplified overall revenue gains. Together with the expanding tax base, this policy shift has contributed to the significant increase in total data center-related tax revenues, highlighting the combined influence of market dynamics and fiscal policy in shaping outcomes. Recent and planned tax rate increases, including the adopted rise to \$4.50 per \$100 of taxable value for TY 2026, are expected to further elevate revenues, even absent proportional growth in the underlying tax base.

Near-Term Considerations



Revenue Concentration

Revenue remains highly concentrated in the data center sector, which continues to account for the overwhelming majority of growth in the computer equipment and peripherals classification. While this concentration supports strong near-term performance, it also increases the exposure to industry-specific demands and investment cycles.



Regional Context

Regional competitiveness and neighboring jurisdictions' policies will remain important factors influencing future siting and expansion decisions.



Depreciation Schedule Alignment

Extended equipment lifecycles and evolving refresh patterns continue to support alignment between depreciation schedules and actual asset utilization. However, the growing mix of rapidly evolving, high-value components alongside longer-lived infrastructure may require ongoing refinement to ensure assessments accurately reflect economic life.



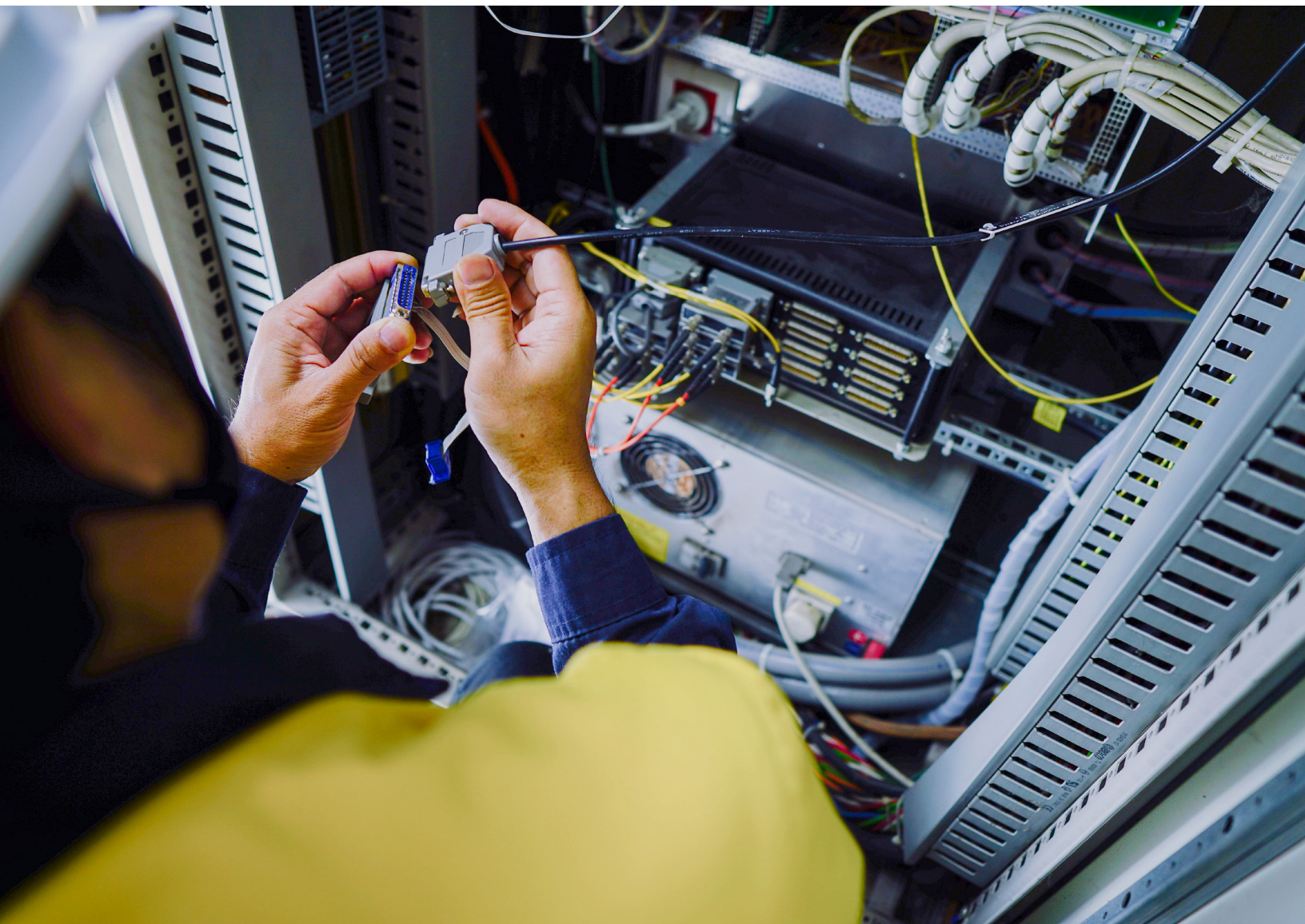
Revenue Base Composition

The composition of the tax base is increasingly shaped by high-value computer equipment and peripherals, particularly within data centers, rather than more traditional asset categories. This shift reinforces both the growth potential and the volatility profile of revenues, as investment becomes more concentrated in performance-driven technologies.



Timing and Forecast Uncertainties

Forecasting near-term revenue is becoming more complex due to variability in construction timelines, phased equipment deployments, and the timing when facilities become operational and taxable. As a result, year-over-year changes may reflect not only underlying growth, but also the sequencing of project completions and asset placement into service.



CONCLUSION

Prince William County's data center industry continues to play a central role in driving tax revenue across multiple classifications. In TY 2025, total tax revenue reached \$465.9 million, representing a substantial year-over-year increase driven by strong market demand, expansion of physical infrastructure, and tax policy changes—including the increase in the Computer Equipment and peripherals tax rate from \$3.70 to \$4.15 per \$100 of assessed value. This growth reflects both the scale of ongoing development and the County's ability to capture value across real property, business tangible property, and related revenue streams.

The County's long-term planning framework has been a key enabler of this expansion. Strategic zoning policies, including the designation of data centers as a targeted industry and the allocation of more than 4,000 acres for development, have supported sustained investment over the past decade. With significant capacity already delivered, a growing inventory of powered shell space, and approximately 4.5 million square feet currently under construction, the pipeline for future growth remains strong.

At the same time, several factors may influence the pace and trajectory of continued expansion. Constraints related to power and water availability, along with evolving regulatory considerations such as noise ordinances, are becoming increasingly relevant across the broader region. Additionally, as highlighted throughout this report, changes in asset composition, extended equipment lifecycles, and more complex deployment patterns introduce new considerations for forecasting and assessment. While this report focuses on realized revenue and historical trends, these emerging dynamics will be important to monitor as Prince William County's data center industry continues to evolve.



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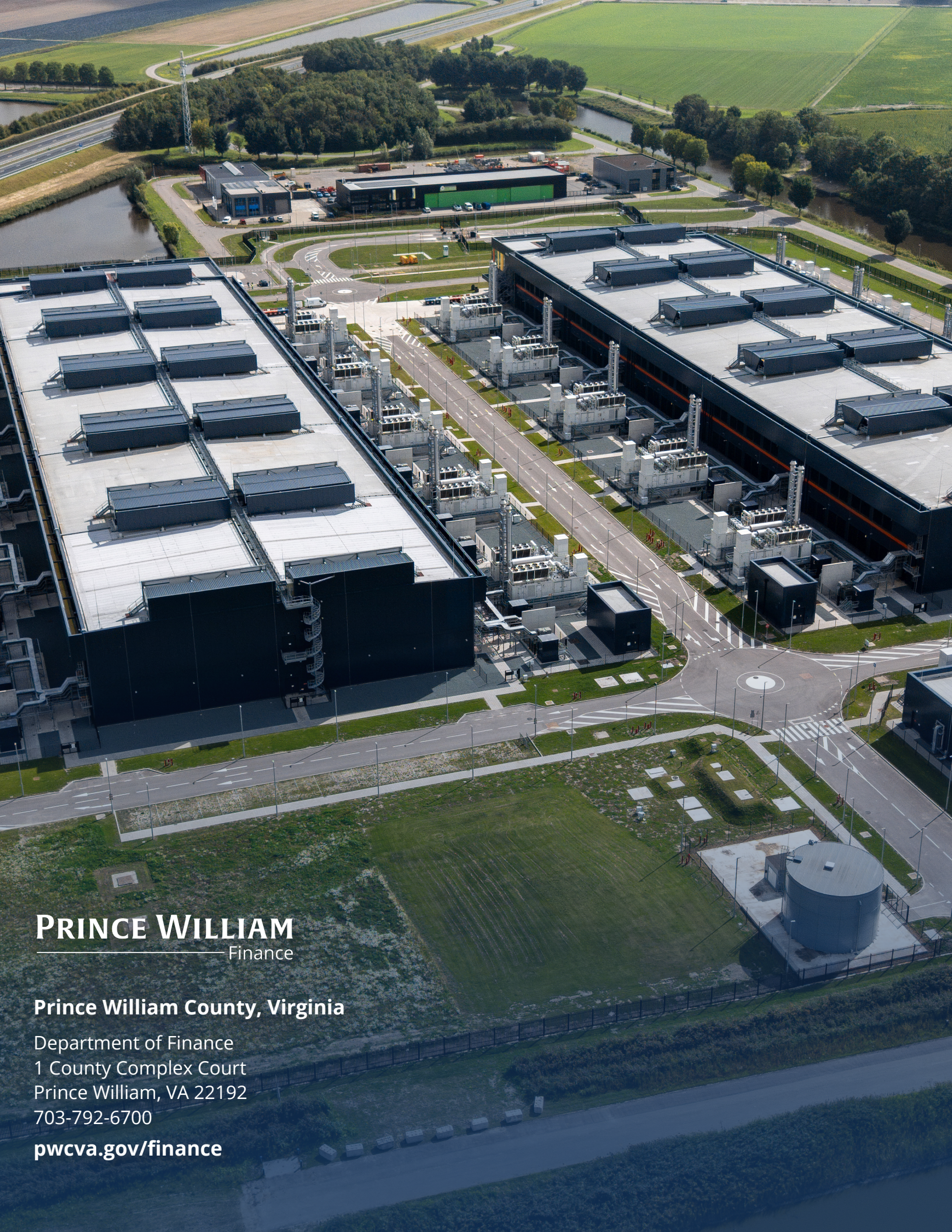
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