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Hearing Before the Center for Rural Pennsylvania

Topic: Potential Tax Impacts of Data Centers in Rural Pennsylvania

Chairman Yaw, members of the Center for Rural Pennsylvania, thank you for the opportunity to provide testimony on the potential tax implications of data center development in rural Pennsylvania.

I want to begin with a personal note. Prior to August of 2025, I did not anticipate that Tioga County would be part of any serious discussion about hyperscale data centers. It simply wasn't on my radar. What changed was the industry's rapid shift toward producing its own power to reduce the burden on existing electric infrastructure, combined with the fact that our region sits atop one of the most abundant natural gas formations in the country. That combination — abundant fuel and the need for large-scale, on-site generation — is what brought interest to Tioga County.

My comments reflect preliminary valuation estimates, publicly available market data, and are based on early conceptual information shared by a prospective land developer. These figures are estimates only and should not be interpreted as final assessments, but they provide a reliable framework for understanding the scale of potential impacts for rural counties like Tioga.

I. Rural County Baseline: Tioga County as a Representative Example

Tioga County illustrates the fiscal realities common across rural Pennsylvania:

- Total taxable assessed value: approximately \$3.84 billion
- Taxable parcels: roughly 26,800
- Population density: about 36 residents per square mile

With a large land area and a small population, rural counties have limited opportunities to significantly expand their tax base through traditional residential, commercial, or industrial development.

II. Review of Northern Virginia

Pennsylvania has limited experience with hyperscale data centers. In contrast, Loudoun County and Prince William County, Virginia host the largest concentration of hyperscale data centers in the world and offer the most mature, transparent, and relevant data for comparison.

- Loudoun County contains around 200 operating data centers, with more than 100 additional facilities in development.
- Prince William County has dozens of operating centers and a rapidly expanding pipeline.
- The region supports nearly 5 gigawatts of installed data center capacity, the highest concentration on the planet.

Fiscal impact in Virginia demonstrates the scale of potential revenue.

- Loudoun County generates more than \$600 million annually from data center-related taxation.
- Prince William County generates approximately \$280 million annually.

This level of revenue is unmatched by any other land use category. It was also noted that the land values in Virginia for approved data center locations are significantly higher given their developed data center market.

III. Estimated Impact for a Rural Pennsylvania County

The very early conceptual project presented to Tioga County includes approximately 3,200,000 square feet of hyperscale data center buildings supported by an on-site 2-gigawatt natural-gas-fired power generation facility. This level of generation capacity is consistent with current industry trends, where operators increasingly seek to produce their own electricity to avoid overloading existing grid infrastructure.

Using valuation patterns observed in Virginia and applying them to this conceptual layout, preliminary modeling indicates:

Based on our research, a single hyperscale data center campus of roughly 3.2 million square feet, supported by 2 GW of on-site generation, could add approximately \$2.08 billion to the county's tax base.

To illustrate the magnitude:

- Equivalent to 224 industrial buildings similar in size to the Victaulic facility in Lawrenceville, approximately 57.5 million square feet of building area, which would equate to around 1,300 acres under roof. By comparison, a data center could produce a similar tax base impact with around 6% of the building area, or 73 acres under roof.
- Equivalent to 10,000 homes assessed at \$200,000 each.

For a rural county with a current taxable value of \$3.84 billion, a single project adding \$2 billion represents a potential 54% increase in the entire county tax base.

No other form of development—residential, commercial, or industrial—can generate this level of taxable value with such limited land area and minimal demand on public services.

IV. Potential Benefits to Rural Communities

A major expansion of the tax base could support:

- Debt reduction and long-term fiscal stabilization
- Increased education funding
- Road, bridge, and public works improvements
- Water and wastewater infrastructure upgrades
- Capital projects and building renovations

- Conservation and hazard mitigation initiatives
- Enhanced emergency services and 911 capabilities
- Reduced need for future tax increases
- Potential tax rate reductions
- Enhanced homestead/farmstead relief
- Community benefits agreements tailored to local needs – limiting the use of

These benefits arise from the high assessed value and low service demand associated with hyperscale data centers. In addition to the benefits, other important topics discussed include:

- Impacts on properties and property values near a data center can be both positive and negative. Property owners maintain the right to appeal their assessment on an annual basis.
- Additional residential development could be required for both the construction and operational phases of the development. The current national shortage of housing supply with increased demand could impact the price of the existing housing without and increase to the current available supply within Tioga County.
- The use of abatement programs could be limited through a community benefits agreement. Compared to Virginia, Data Centers will not have to pay personal property taxes on machinery and equipment such as computers and servers.

V. Important Limitations

All estimates that have been developed are preliminary and based on conceptual information. Final valuation would require:

- Detailed construction plans
- Verification of final building specifications
- Application of the Cost, Income, and Sales Comparison approaches
- Review of site improvements, utilities, and operational characteristics

These figures should be viewed as illustrative, not definitive.

Conclusion

While Pennsylvania does not yet have a mature data center market, the experience of Loudoun and Prince William Counties—home to the world’s largest concentration of hyperscale data centers—demonstrates the fiscal potential of this industry.

Thank you for the opportunity to provide this testimony. I am available to answer any questions the Center may have.

Sources

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- Data Center Frontier, *Prince William Land Costs Near \$1M per Acre* — <https://www.datacenterfrontier.com/site-selection/article/11428233/data-center-boom-pushes-prince-william-land-to-nearly-1m-an-acre>
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Tioga County's Tax Base

Current Assessed Values as of 11/7/2025			
	# Parcels	Assessed Value	% Assessed Value
Total Parcels	29,520	\$ 5,520,258,820	100.00%
Exempt Parcels (Loss)	(2,686)	\$ (970,276,950)	-17.58%
Clean & Green Parcels(Loss)	6,635	\$ (710,653,790)	-12.87%
Total Exempt and Clean & Green Properties (Loss):		\$ (1,680,930,740)	-30.45%
Total Taxable	26,834	\$ 3,839,328,080	69.55%

Data Center Tax Impact

Estimated Data Center Tax Base Impact			
Current Total Taxable		\$ 3,839,328,080	
Data Center Project Estimated Assessment		\$ 2,080,000,000	
Estimated Total Taxable (Increase)		\$ 5,919,328,080	54.18%
Estimated Tax Impact			
County		\$ 8,465,600	
Municipalities		\$ 4,660,148	
School District		\$ 20,256,704	
Estimated Total Tax Impact		\$ 33,382,452	

Assumptions & Limiting Conditions Regarding Estimates:

- Assessed Values & Tax Estimates based on hypothetical building configuration provided by developer which included potential building locations and square feet of building area.
- Estimates based on limited information available at this time, many assumptions had to be made including wall height, story height, lower level, interior finishes, HVAC systems, sprinkler system, and office space.
- Estimates do not include additional site and yard item improvements, or extra building features. No estimate for water storage facilities, or waste treatment were included as capacity is unknown at this time.
- Assumed Single Cycle Power plant based on proposed efficiency rating, capacity estimated based on proposed acreage and generation capacity that was presented.
- Estimates based on the cost approach using existing CAMA cost data for similar improvements, and readily available construction cost data which indicates a current cost range of \$600 - \$1,100/sq. ft. for data centers of this type. Valuation could vary based on type of data center and tier rating. Final valuation will require consideration of Cost, Income, and Sales Comparison approaches to value.
- Estimate includes building and site value only; no personal property is included as these items are not taxable under Pennsylvania Statutes.
- This is just an estimate and should in no way be considered a final value.