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Senator Yudichak: Data Center Tax Incentive Aims to Spur Job Growth, Economic Development

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HARRISBURG, June 30, 2021 – Governor Tom Wolf signed a state budget bill today that includes a computer data center tax incentive championed by Senator Scott Hutchinson, State Representative Donna Oberlander, and **Senator John Yudichak (I-Luzerne/Carbon)**.

The sales and use tax exemption for the purchase of computer data center equipment, which was approved as part of the state's Tax Code (**House Bill 952 – Oberlander**), will serve as an essential economic tax incentive to attract large-scale enterprise data center development to Pennsylvania.

Senator Yudichak, as chair of the **Senate Community, Economic & Recreational Development Committee**, hosted committee hearings in Philadelphia and Pittsburgh to highlight the need for tax and economic incentives to build out Pennsylvania's technology infrastructure and create jobs. As part of those hearings, the committee learned that Pennsylvania was not successfully competing for technology jobs and failed to secure a single enterprise data center in the last decade.

A broad coalition of statewide building trade unions, tech industry leaders, and a bipartisan group of legislators quickly formed after the Senate committee hearings in support of building out Pennsylvania's technology economy by passing a sales and use tax exemption for computer data center development.

“The strength and resiliency of our technology infrastructure directly impacts our ability to compete for 21st century technology jobs and to attract the world's technology giants to Pennsylvania,” said Yudichak.

Steve DelBianco, President and CEO of NetChoice, a trade association of America's leading online businesses, said, “This puts Pennsylvania on top of the list of states whose tax policies embrace the investment and jobs that come with large-scale data centers.”

“The sales tax exemption for data center equipment will help Pennsylvania compete with the dozens of other states who are attracting data center investments and jobs,” said Iron Mountain Data Centers Executive Vice President and General Manager Mark Kidd. “We are proud to have been among the first data center companies to invest in this state, and look forward to our current and future customers choosing our premier data center here because of this important incentive.”

Since 2017, the Commonwealth of Virginia – which offers a sales and use tax exemption for computer data centers – has created over 45,000 new jobs and leveraged \$10 billion in private investment.

“We were failing to attract data center developers to Pennsylvania because our tax policy was driving development to other states; those poor tax policy decisions ended today with Governor Wolf signing into law the sales and use tax exemption for computer data center development,” said Yudichak. “The implementation of new tax policies that leverage private investment and encourage private sector job growth demonstrates Pennsylvania is stepping up its economic game and competing for high-wage, technology jobs.”

After being named chair of the committee earlier this year, Yudichak cited computer data centers and their economic development potential as a top priority for the committee. **A public hearing** on data centers was held April 13 at vXchnge in Philadelphia, where committee members heard testimony from technology experts, economic development specialists and labor leaders.

“Pennsylvania cannot accept the status quo when it comes to our technology infrastructure, too many businesses, hospitals, and schools depend on the reliability and resiliency of our technology ecosystem,” explained Yudichak. “We have the natural resources and the skilled workforce to compete with any state or nation in the world; now Pennsylvania can list another competitive advantage to our economic tool-box – an innovative tax policy that will help set the stage for private investment and the growth of high-wage jobs in the technology sector of our economy.”

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