



The Outsized Impact of Data Centers in Rural Washington



Rural Washington has become a hub of data center investment due to the Washington state sales and use tax exemption for data centers in rural counties. There are at least 15 data centers across six rural counties. The largest investments have occurred in Grant and Douglas Counties, where thriving industry clusters have emerged. Data center investment in rural Washington state enhances local job opportunities and economic prosperity, and supports public services and infrastructure by increasing the state and local tax base.

Data centers create jobs

- Since the onset of data center construction in rural Washington in the 2000s, qualifying data centers have supported long-term job growth in the construction industry, particularly in the skilled trades.
- Construction Jobs:** Capital investment has produced average annual output of roughly \$690 million, supporting almost 5,300 construction, skilled trade, and other jobs each year since 2017. These workers received \$370 million in wages and benefits each year — dollars that will cycle back through the economy in the form of spending.

- Permanent Jobs:** In each of the last four years alone, data center operations in rural counties have generated an estimated \$158 million in economic output per year, and supported roughly 760 full-time operations and related jobs with nearly \$70 million in annual wages and benefits.

Data centers pay significant state and local tax revenues

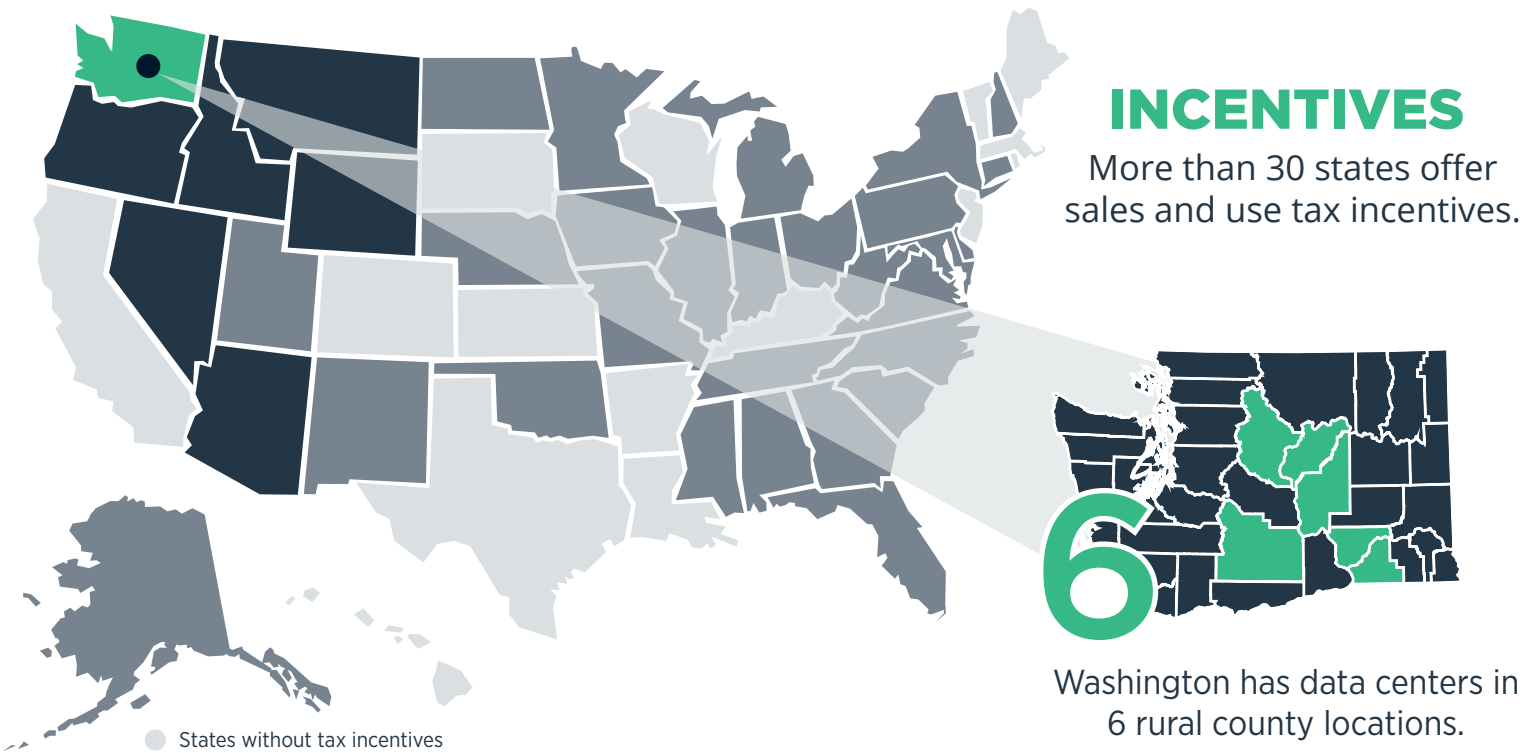
- Data centers generate significant tax revenues, especially compared to the minimal demand for government services. Qualifying data centers using the state’s economic development program have paid \$334 million in taxes to the state and to various local jurisdictions (2017-2021), including:
- \$238.5 million in state revenue.
 - \$95.4 million in local taxes that support counties, cities, schools, transit, libraries, hospitals and fire, and other vital public services.
 - In Grant County, data center real and personal property taxes have increased to over 20 percent of the county’s property tax revenue.

Washington’s data center tax program is no longer competitive

While Washington was one of the first states to offer this type of sales tax program, highly competitive data center sales and use tax

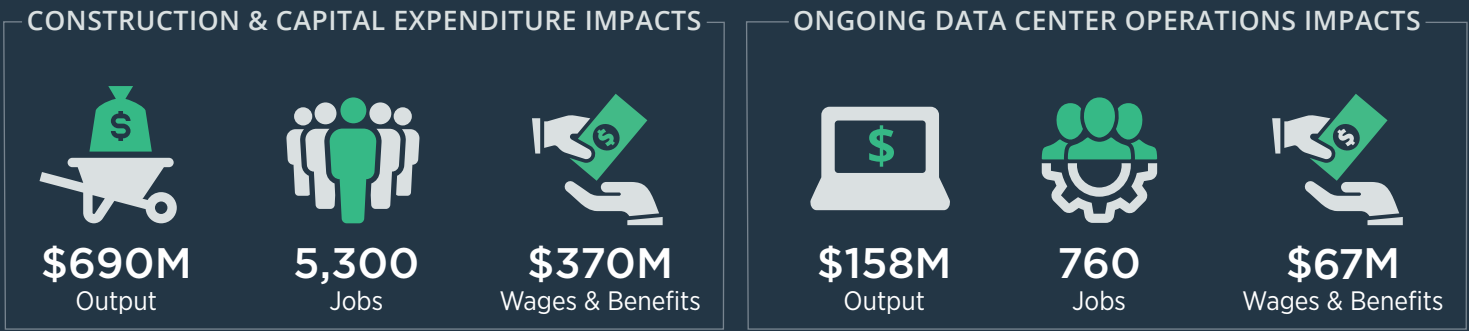
- exemptions have become common across the United States.
- More than 30 states offer a sales and use tax incentive to data centers, or do not have a sales tax. This includes almost all western states (ID, OR, UT, AZ, WY, MT, NV).
 - Twenty-five states have incentives that last 20 years or longer.

- Washington is one of the only programs in the country with a program that sunsets in the next few years.
- Imposing sales taxes on data center equipment drives up the cost of doing business in Washington state.



For references please see “The Outsized Impact of Data Centers in Rural Washington,” by ECONorthwest for the Washington Technology Industry Association, 2022.

Annual Rural County Data Center Jobs, Wages, and Output (2017-2021)



Data Center State and Local Tax Revenues





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