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The Price of the Silicon Heartland

Tax Incentives, Job Creation, and Fiscal Return in Ohio's Data Center Boom

An analysis of Ohio's data center sales-tax exemption program and its fiscal costs, 2013–2026

Prepared by the Ohio Common Ground Research Center
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This paper is descriptive, not causal or prescriptive. It compiles and reconciles publicly reported figures on Ohio's data center tax incentive programs from state officials, nonpartisan legislative and fiscal watchdogs, and industry-aligned research. It does not recommend for or against any specific legislative proposal, and where sources disagree on framing or interpretation, this paper presents the competing figures side by side rather than adjudicating between them.

Full source citations appear as numbered footnotes throughout. Because several of the programs discussed — in Ohio and in the other states reviewed in Section VIII — are under active legislative review and the underlying figures are revised frequently, this paper should be understood as a snapshot current as of its publication date, subject to revision as noted in the Revision History.

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Contents

Executive Summary

Ohio has used a state sales-and-use tax exemption on data center equipment and construction materials — layered with local property tax abatements and, in some cases, state job creation tax credits — as its primary tool for attracting large-scale data center investment since 2013. This paper compiles publicly available figures to answer four questions: why the state adopted this approach; how much tax revenue the state and its localities have forgone; how that figure compares to the number of long-term jobs these projects are contractually required to create; and what tax revenue, if any, the construction and development phase itself generates.

$1.568B	~$1M	$27.2B
state sales-tax exemption cost in FY2025, up from $554.9M in FY2024	forgone state sales tax per contractually required long-term job, statewide reference	2025 capital investment by companies holding exemptions

Four figures stand out from the record:

- **State sales-tax exemption cost grew from $554.9 million** in FY2024 to **$1.568 billion** in FY2025 — roughly 12 times the state's original forecast.[1]
- Individual per-project agreements range from roughly **$470,000 to over $3.6 million** in forgone state sales tax per contractually required long-term job; a widely cited statewide reference point is **approximately $1 million per job** — a figure that refers specifically to the minimum permanent positions written into tax-credit agreements, not construction employment, indirect jobs, or induced jobs.[2]
- Because the exemption covers construction materials as well as equipment, the **$27.2 billion** in 2025 capital spending by exemption-holding developers generated relatively little new state sales tax, because qualifying purchases were covered by the same exemption; taxes actually collected from construction are concentrated in income-tax withholding on construction payroll and Commercial Activity Tax on contractor receipts, neither of which is separately published by the state.[3]
- Ohio's approach is not unusual: at least 37 states offer some form of data center sales-tax exemption, and several — including Virginia, Texas, and Georgia — are, as of mid-2026, actively debating whether their own programs have grown too costly. Section VIII compares Ohio's program to those in five other states.[4]

Abbreviations Used in This Paper			
CRA	Community Reinvestment Area (local property tax abatement)	**JCTC**	Job Creation Tax Credit
CAT	Commercial Activity Tax	**TCA**	Ohio Tax Credit Authority
ORC	Ohio Revised Code	**FTE**	Full-Time Equivalent (employment)

[1] Signal Cleveland, "2 Ohio data centers get $42M tax break before pause," signalcleveland.org/ohio-approves-last-data-center-exemption-before-moratorium/.

[2] News 5 Cleveland, "Ohio's spending billions on tax breaks for data centers. Now an incentive battle is brewing," news5cleveland.com/news/local-news/ohios-spending-billions-on-tax-breaks-for-data-centers-now-an-incentive-battle-is-brewing. The distinction between contractually required permanent jobs and construction, indirect, or induced employment is discussed in Section VI.

[3] News 5 Cleveland, "Calls for change as Ohio sales-tax break for data centers approaches $1.6 billion a year," news5cleveland.com/news/local-news/oh-cuyahoga/calls-for-change-as-ohio-sales-tax-break-for-data-centers-approaches-1-6-billion-a-year.

[4] Texas Tribune, "Texas losing a billion dollars a year on data center tax break," April 8, 2026, texastribune.org/2026/04/08/texas-data-centers-sales-tax-break-billion-dollars/, reporting that Texas is one of 37 states offering data center tax exemptions.

I. Introduction & Scope

Ohio is one of the country's leading destinations for data center construction. More than 200 facilities are operating or under development statewide, with roughly 114 of them concentrated in the Columbus metropolitan area, and additional projects expanding into Licking, Delaware, Wood, Scioto, and Adams counties, among others.[5]

This paper focuses narrowly on the fiscal side of that growth: what the state and local governments have agreed to forgo in tax revenue, and what has been publicly reported about the jobs and construction activity attached to those agreements. It does not evaluate the electric grid, water use, environmental, or land-use dimensions of data center development, which are the subject of separate, ongoing legislative review.

[6]

Four questions structure the analysis:

- Why did Ohio adopt this incentive structure, and how does it compare to what other states offer?
- How much state and local tax revenue has been forgone to date, and how has that figure evolved relative to original projections?
- How does that forgone revenue compare, on a per-project and aggregate basis, to the number of long-term jobs each agreement contractually requires?
- What tax revenue does the construction and development phase of these projects generate for state and local governments?

II. Methodology

This paper relies exclusively on publicly available information from primary and secondary sources, including:

- The Ohio Department of Taxation
- The Ohio Department of Development
- The Ohio Tax Credit Authority
- The Ohio Revised Code
- Publicly reported tax agreements and legislative fiscal documents
- News organizations, including Signal Ohio, Signal Cleveland, News 5 Cleveland, and Governing

Where this paper presents an estimate rather than a reported figure — for example, the construction-payroll tax calculation in Section VII — the underlying assumptions are stated explicitly alongside the estimate, and the estimate is labeled as such. This paper does not treat estimates and officially reported statistics as equivalent, and it does not aggregate figures drawn from different evidentiary categories (for example, confirmed exemption costs and projected future costs) into a single total.

[5] ABC 6 / WSYX Columbus, "Ohio's data center building boom: Nearly 80 more could be on the way," May 2026, abc6onyourside.com/news/local/ohio-data-center-surge-powering-devices-growing-debate-building-growth-acres-80-more-microsoft-intel-meta-facebook-google-amazon-aws, citing Ohio as the sixth-highest state nationally for data center count.

[6] Dayton Daily News, "Gov. DeWine, Ohio lawmakers back legislative push to address data centers," daytondailynews.com/local/gov-dewine-ohio-lawmakers-expect-legislative-push-to-address-data-centers/6DCCMGNUE5GVHECXW2YUELOP4I/.

Consistent with the editorial standards of the OCG Research Center, this paper is descriptive rather than prescriptive: it does not evaluate, rank, or recommend for or against the policy discussed. Figures and interpretations offered by advocacy-affiliated organizations, on any side of this issue, are identified as such wherever they appear.

Definitions

- **Sales-and-use tax exemption:** A state or local waiver of the tax otherwise owed on qualifying purchases. For data centers, this applies to computer equipment and, in most Ohio agreements, construction materials.
- **Tax expenditure / forgone revenue:** The estimated amount of tax revenue a government does not collect as a result of an exemption, credit, or deduction. This paper uses “tax expenditure” and “forgone revenue” rather than “cost” where possible, following the terminology used in Ohio's own Tax Expenditure Report.
- **Contractually required job:** The minimum number of permanent positions a company commits to create and maintain under a specific tax-credit agreement. This is a floor set by contract, not a measure of a facility's actual total employment.
- **Community Reinvestment Area (CRA):** A local property tax abatement tool authorized under Ohio law, granted by counties, townships, or municipalities independent of state sales-tax action.
- **Commercial Activity Tax (CAT):** Ohio's tax on the gross receipts of most businesses operating in the state, distinct from the sales-and-use tax exemption discussed throughout this paper.
- **Job Creation Tax Credit (JCTC):** A refundable state tax credit against the Commercial Activity Tax, calculated as a percentage of new payroll, available to qualifying employers including some data center operators.
- **Hyperscale data center:** A large-scale data center, typically requiring 100+ megawatts of power and thousands of servers, operated by or for a single major technology company.

III. Ohio's Data Center Tax Incentive Framework

Ohio enacted its data center sales-tax exemption in 2013 amid intense interstate competition for large-scale data center investment. Supporters argued that exempting equipment and construction materials from sales tax would make Ohio more competitive for facilities that require billions of dollars in capital investment but relatively few permanent employees — a trade-off state officials judged worthwhile in exchange for construction activity, property tax base, and the prestige of hosting major technology companies. Since then, Ohio has layered two additional mechanisms on top of the original state exemption, described below.[7]

State Sales & Use Tax Exemption (ORC 122.175)

Enacted in 2013, Ohio's data center sales tax exemption allows the Ohio Tax Credit Authority to grant a complete or partial exemption from state and local sales and use tax on computer data center equipment purchased for an eligible facility. To qualify, a project must commit to a minimum capital investment and the taxpayer must pay at least **$1.5 million** in annual compensation subject to Ohio withholding to employees at the project site, beginning in the third year of the agreement. Recipients are required to report annually the value of the exemption claimed, though some large agreements reportedly include provisions limiting public disclosure of those reports.[8]

[7] Ohio Revised Code §122.175, codes.ohio.gov/ohio-revised-code/section-122.175; see also description of the incentive's original rationale in Policy Matters Ohio, “Indefensible tax breaks for data centers will cost Ohio,” policymattersohio.org/research/indefensible-tax-breaks-for-data-centers-will-cost-ohio/.

[8] Ohio Revised Code §122.175, codes.ohio.gov/ohio-revised-code/section-122.175; Policy Matters Ohio, “Indefensible tax breaks for data centers will cost Ohio,” policymattersohio.org/research/indefensible-tax-breaks-for-data-centers-will-cost-ohio/.

The exemption is Ohio's largest data center incentive by dollar value because of what it covers, not because of an unusually high tax rate. Servers, networking equipment, electrical systems, and cooling infrastructure represent very large taxable purchases relative to a facility's payroll — often hundreds of millions or billions of dollars per project — so even Ohio's standard 5.75% state sales tax rate applied to that equipment base produces a large dollar figure. A facility that invests $1 billion in exempted equipment and pays $1.5 million in qualifying annual payroll is, by design, generating a sales-tax exemption many times larger than its payroll tax footprint.

State Job Creation Tax Credit

Separately, companies may qualify for Ohio's Job Creation Tax Credit, a refundable credit against the Commercial Activity Tax calculated as a percentage of new payroll. Eligibility requires creating at least 10 new jobs within three years with a minimum annual payroll of **$660,000** and wages of at least 150% of the federal minimum wage. Several data center operators, including Amazon and QTS, hold Job Creation Tax Credit agreements in addition to the sales-tax exemption.[9]

Local Property Tax Abatements (Community Reinvestment Areas)

Independent of state action, host counties, townships, and municipalities routinely grant Community Reinvestment Area (CRA) property tax abatements to data center projects, commonly ranging from 65% to 100% of assessed value for terms of 15 to 30 years. In New Albany, for example, all 17 data centers in the city reportedly hold CRA abatements of between 65% and 100%. Ohio does not levy tangible personal property tax on data center equipment at all — a structural feature, not an abatement, that distinguishes Ohio from states such as Virginia, where equipment taxes on data centers generate hundreds of millions of dollars annually for host localities.[10]

These three mechanisms are cumulative and administered by different bodies — the state Tax Credit Authority for the sales-tax exemption and Job Creation Tax Credit, and local legislative authorities for CRA abatements — which means no single public filing captures a project's total public cost.

IV. Tax Dollars Forgone: Program Scale and Growth

Figure 1. Timeline of Ohio's data center sales-tax exemption, 2013–2026. Sources: Ohio Revised Code §122.175; Policy Matters Ohio; News 5 Cleveland; Daily Signal.

The cost of the state sales-tax exemption has grown far faster than official estimates anticipated. The Ohio Department of Taxation originally projected the exemption would cost approximately **$130–136 million** annually.

[9] JobsOhio, "Incentives Eligibility & Requirements," jobsohio.com/incentives-programs/incentives-eligibility-requirements.

[10] Governing, "Ohio Throws Hundreds of Millions to Tech Giants' Data Centers," governing.com/infrastructure/ohio-throws-hundreds-of-millions-to-tech-giants-data-centers.

Actual costs came in at **$554.9 million in FY2024** and **$1.568 billion in FY2025** — roughly four and twelve times the respective forecasts.[11]

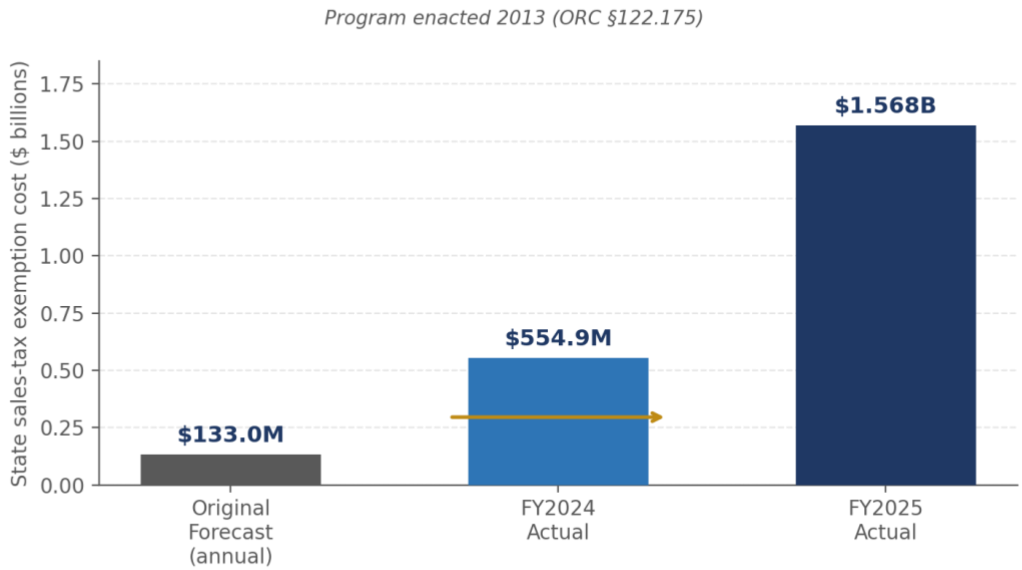

Figure 2. Original state fiscal forecast vs. actual state sales-tax exemption cost, FY2024–FY2025. Sources: Ohio Department of Taxation figures as reported by Signal Cleveland and News 5 Cleveland; program enacted 2013 under ORC §122.175.

Local governments forgo additional sales tax revenue on the same purchases: local sales-tax exemptions on data center equipment and building materials totaled **$166.8 million in 2024**. Combining the state's FY2025 figure with the local 2024 figure, sales-tax exemptions for Ohio data centers totaled roughly **$1.735 billion** across those overlapping periods — a combined order-of-magnitude figure rather than a single fiscal-year total, since the two figures are reported for different periods.[12]

At Ohio's 5.75% state sales tax rate, the **$27.2 billion** in 2025 capital investment reported by companies holding exemptions implies a full-rate tax liability of roughly $1.56 billion — closely matching the $1.568 billion actually exempted that year. In aggregate, this suggests that exemption-holding projects paid little or no state sales tax on qualifying purchases covered by the exemption in 2025.[13]

Cumulative totals vary depending on the count and time period used, reflecting the absence of a single consolidated public ledger:

- A tally of company-level agreements published by Signal Ohio put the state's committed sales-tax exemptions at **at least $2.3 billion**, noting the long-term total could be "significantly higher." Google, Meta, and Amazon affiliates each hold exemptions estimated at $600 million over 40-year terms running as late as 2058; 18 companies had claimed exemptions averaging $121 million each.[14]

[11] Signal Cleveland (see note above); News 5 Cleveland, "DeWine halts new sales-tax breaks for data centers," news5cleveland.com/news/politics/ohio-politics/dewine-halts-new-sales-tax-breaks-for-data-centers.

[12] News 5 Cleveland, "Calls for change as Ohio sales-tax break for data centers approaches $1.6 billion a year," news5cleveland.com/news/local-news/oh-cuyahoga/calls-for-change-as-ohio-sales-tax-break-for-data-centers-approaches-1-6-billion-a-year. Reporting on the $166.8 million local figure ties it to 2024; readers should treat the combined $1.735 billion total as an approximate, cross-period reference point rather than a single audited annual figure.

[13] Calculation by Ohio Common Ground based on the 5.75% statutory state sales tax rate applied to the $27.2 billion in reported 2025 capital investment; see News 5 Cleveland (previous note) and Daily Caller, "Ohio Axes Data Center Tax Break After Billion-Dollar Forecasting Error," dailycaller.com/2026/05/29/mike-dewine-tax-break-data-centers/.

[14] Signal Ohio, "Ohio has committed at least $2.3 billion in tax breaks for data centers," signalohio.org/ohio-committed-at-least-2-3-billion-dollars-in-sales-tax-breaks-for-data-centers/.

- A 2026 report commissioned by the Ohio Chamber of Commerce, an industry-aligned source, tallies **$2.5 billion** in combined state and local tax incentives from 2017 through 2024.[15]
- The Ohio Tax Credit Authority has approved **20 sales-tax exemption agreements since 2014**, according to state records reviewed by News 5 Cleveland.[16]

These figures triggered a policy response: on May 28, 2026, Governor Mike DeWine directed the Tax Credit Authority to pause consideration of new data center sales-tax exemption requests while a bipartisan legislative committee studies the industry's growth, energy use, and local impact. The pause does not affect existing agreements held by Amazon, Google, Microsoft, or Meta. DeWine had vetoed a 2025 budget provision that would have ended the exemption outright, citing the program's importance to Ohio's competitiveness for technology investment and noting that data centers had "already led to billions in construction work."[17]

V. Cost Per Long-Term Job Created

Unlike manufacturing facilities, modern hyperscale data centers are highly automated. Construction employment is substantial during development — often hundreds of tradespeople over several years — but long-term operations generally require relatively few permanent employees once a facility is complete, since server halls run largely unattended and are monitored by small technical staffs. This is why the sales-tax exemption is tied to capital investment and payroll dollar thresholds rather than headcount, and why the number of long-term jobs individual agreements contractually require is often small relative to the investment and exemption size.[18]

Selected publicly reported examples:

Company / Project	Exemption Value	Contractually Required Jobs	Approx. Cost per Job
Microsoft (3 Licking Co. facilities)	$72.5M (15-yr exemption; $1B investment)	20 minimum	~$3.63M
Magellan Enterprises / Google (Columbus)	$54M lifetime CRA value (15-yr, 100%)	20	~$2.70M
Meta (New Albany)	Not separately disclosed; 15-yr, 100% property abatement	50 minimum	>$1M (est.)
Google (statewide agreements)	Not separately disclosed	30 minimum	>$1M (est.)
Amazon Data Services (revised 2023 agreement; 17 facilities)	Tied to $13.87B investment	808 FTE by 2029	>$1M (est.)
Aligned Data Centers (2023)	$10.2M (15-yr, 75% exemption)	18 (first building)	~$0.57M

[15] Signal Ohio, "Data centers get huge tax breaks while straining utilities," signalohio.org/data-centers-have-claimed-2-5-billion-in-tax-breaks-since-2017-report-says/ (reporting on a 2026 Ohio Chamber of Commerce / Cushman & Wakefield / SRC EvalMetrics study).
[16] News 5 Cleveland, "Ohio's spending billions on tax breaks for data centers," news5cleveland.com/news/local-news/ohios-spending-billions-on-tax-breaks-for-data-centers-now-an-incentive-battle-is-brewing.
[17] News 5 Cleveland (see prior note); Daily Signal, "DeWine Announces Tax Exemption Pause on Data Centers," dailysignal.com/2026/05/29/tax-exemption-pause-data-centers/; Dayton Daily News (see note 4).
[18] This automation dynamic is also described in University of Virginia Weldon Cooper Center research reported by WOSU Public Media, "Columbus will become second-largest data center hub in the Great Lakes region, report says," January 2026, wosu.org, which found that Ohio data centers were associated with roughly 22,300 short-term construction jobs but only about 4,500 permanent jobs as of 2024.

Company / Project	Exemption Value	Contractually Required Jobs	Approx. Cost per Job
Cologix (Delaware & Licking Co., 2026)	$42.3M combined	90 by 2035	~$0.47M

Table 1. Selected Ohio data center sales-tax exemption agreements and associated job commitments. "Est." indicates the source characterized the figure as exceeding $1 million per job without publishing an exact value. Sources: Policy Matters Ohio, Signal Cleveland, News 5 Cleveland, Governing; compiled by Ohio Common Ground.

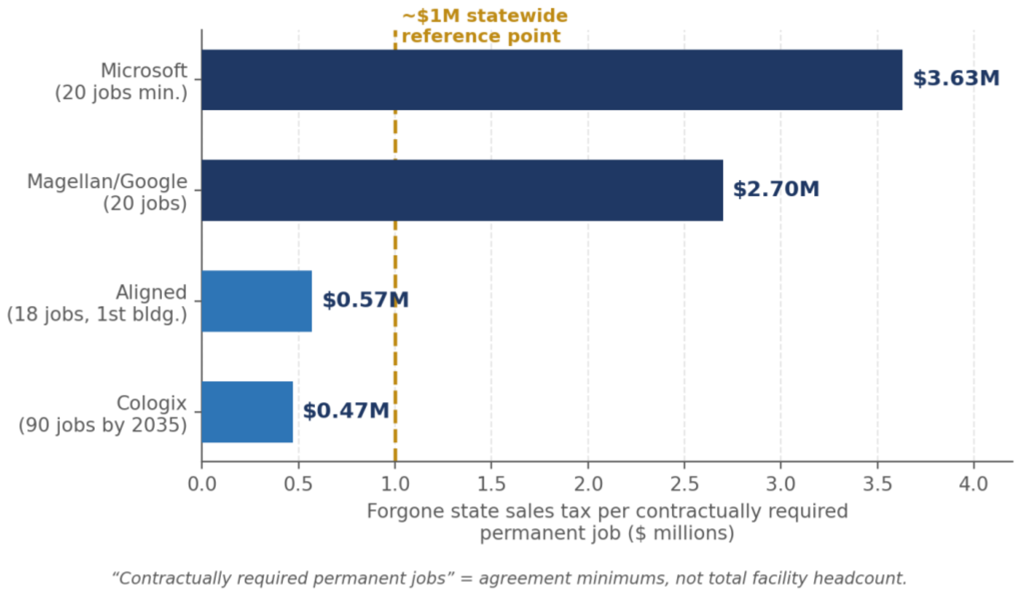

Figure 3. Sales-tax exemption value per contractually required long-term job, for agreements with a disclosed per-job figure. "Contractually required permanent jobs" refers to agreement minimums, not total facility headcount. Dashed line marks the ~$1 million statewide reference point.

Aggregating across a batch of 13 agreements reviewed by Policy Matters Ohio, the Ohio Department of Development's own figures show nearly **$5.1 billion** in investment generating **356 jobs** and **$31.6 million** in annual payroll — a ratio of roughly $14.3 million in investment, and a proportionally large sales-tax exemption, per job.[19]

The most frequently cited summary statistic across independent outlets is that Ohio taxpayers are forgoing **approximately $1 million in state sales tax for every long-term job** located inside a data center, driven primarily by the sales-tax exemption, which typically covers 60–70% of a project's equipment and material costs. As noted above, this figure describes only the minimum permanent positions specified in tax-credit agreements — it does not include construction jobs, indirect jobs, or induced jobs, each of which is measured separately in Section VI.[20]

VI. Countervailing Employment & Economic Estimates

Industry-aligned sources argue that the per-agreement job floor understates the program's employment effect, because it excludes indirect and induced jobs and the existing statewide data center workforce that is not tied to any single new agreement. For balance, this paper presents those estimates alongside the per-agreement figures above, without reconciling the two, since they measure different populations over different time frames.

[19] Policy Matters Ohio, "Indefensible tax breaks for data centers will cost Ohio," policymattersohio.org/research/indefensible-tax-breaks-for-data-centers-will-cost-ohio/.

[20] News 5 Cleveland, "Ohio's spending billions on tax breaks for data centers," news5cleveland.com/news/local-news/ohios-spending-billions-on-tax-breaks-for-data-centers-now-an-incentive-battle-is-brewing.

- Trade group NetChoice testified that Ohio data centers support **24,000 direct jobs and 100,000 total jobs** when indirect and induced employment is included, along with **$8 billion** in labor income, **$14 billion** in state GDP, and **$1 billion** in annual state and local tax contributions.[21]
- A 2026 Ohio Chamber of Commerce report (using Cushman & Wakefield and SRC EvalMetrics data) counts **17,300 permanent operations jobs and 19,400 temporary construction jobs** statewide, and **$3.7 billion** in direct GDP contribution. The same report projects that eliminating the sales-tax exemption would reduce data center investment by roughly 35% over five years and cut total state tax collections by an estimated **$500 million** over that period — a projection, not an observed outcome.[22]
- Separately, a University of Virginia Weldon Cooper Center study of Great Lakes states found that, as of 2024, Ohio data centers were associated with about 22,300 short-term construction jobs but only about 4,500 permanent jobs, alongside an estimated $128 million in local tax revenue and $123 million in state tax revenue attributed to data center operations — figures that describe operating tax contributions rather than the sales-tax exemption addressed in this paper.[23]

These figures are not directly comparable to the per-agreement "$1 million per job" estimate in Section V: the industry figures describe the cumulative footprint of Ohio's entire data center sector (more than 200 facilities, most without any state tax-credit agreement), while the per-agreement figures describe only the minimum job counts written into the roughly 20 agreements that received the sales-tax exemption. A facility can employ more people than its agreement requires, and the statewide employment total includes many facilities that never received a state exemption at all.

VII. Taxes Generated by Development & Construction

Ohio does not publish a consolidated estimate of tax revenue collected from data center construction activity. This section separates what the public record supports from what requires estimation, and flags assumptions explicitly rather than presenting a single authoritative figure.

What is not collected

Because the sales-tax exemption applies to construction materials as well as finished equipment, the **$27.2 billion** spent by exemption-holding developers in 2025 generated relatively little of the roughly $1.56 billion in state sales tax that spend would otherwise have owed (see Section IV), because qualifying construction materials were exempt under the same agreements as the equipment itself. For projects holding an exemption, construction materials are largely not a source of new state sales-tax revenue — they are the same dollars being forgone.[24]

Potentially collectible revenue, with stated assumptions

- **Income tax withholding on construction payroll.** The Ohio Chamber report's estimate of 19,400 temporary construction jobs statewide[25] can be combined with a wage assumption to produce a rough order-of-magnitude

[21] Americans for Tax Reform, "Repeal of Ohio Data Center Sales Tax Exemption Would Be Effective Tax Hike, Undermine State's Success," atr.org/repeal-of-ohio-data-center-sales-tax-exemption-would-be-effective-tax-hike-undermine-states-success/ (citing public testimony from NetChoice).

[22] Signal Ohio, "Data centers get huge tax breaks while straining utilities," signalohio.org/data-centers-have-claimed-2-5-billion-in-tax-breaks-since-2017-report-says/.

[23] WOSU Public Media, "Columbus will become second-largest data center hub in the Great Lakes region, report says," January 2026, wosu.org/2026-01-19/columbus-will-become-second-largest-data-center-hub-in-the-great-lakes-region-report-says, reporting on University of Virginia Weldon Cooper Center and Joyce Foundation research.

[24] News 5 Cleveland (see note 3); calculation by Ohio Common Ground.

[25] Signal Ohio (see note 9).

figure. The U.S. Bureau of Labor Statistics reports a national mean wage of **$65,360** for construction and extraction occupations in May 2025;[26] a general Ohio construction-worker average (a broader, lower-paid category from private salary-aggregator data) is reported at approximately **$49,753**.[27] Using a $60,000–$65,000 per-worker assumption — reflecting the more specialized trades (electrical, mechanical, industrial) typical of data center construction — yields an estimated statewide aggregate construction payroll of roughly *$1.2–1.3 billion per year*. Applying a combined state-plus-municipal income tax withholding rate in the rough range of 4–6% (reflecting Ohio's flattened state brackets plus typical municipal income tax rates of 1–2.5%) implies approximately *$50–$75 million per year* in state and local income tax revenue from data center construction payroll, statewide. This figure is an estimate built on stated assumptions, not a reported statistic, and has not been independently verified against Ohio Department of Taxation withholding data.

- Commercial Activity Tax (CAT) on contractor and supplier gross receipts. General contractors, subcontractors, and equipment suppliers involved in data center construction remain subject to Ohio's CAT on gross receipts above the statutory exemption threshold. No public dataset isolates CAT collections attributable specifically to data center construction activity.
- Property tax during construction. In most reviewed cases, local Community Reinvestment Area abatements (for example, the 100% abatement Johnstown granted for one 2026 Cologix project, or the 50% abatement Delaware County granted for another) are structured to apply from the start of the improvement, meaning little or no property tax is collected even during the construction period.
- Non-exempted purchases. Not every project receives a 100% exemption rate, and roughly 180 of Ohio's approximately 200 data centers hold no state sales-tax exemption agreement at all. Purchases by non-exempt facilities, and the non-exempted share of purchases by partial-exemption holders, do generate ordinary state and local sales tax, but Ohio does not publish a breakdown of exempted versus non-exempted spending.

Editorial note on this estimate

The $50–$75 million per year construction-payroll tax estimate above is presented for order-of-magnitude context only. It rests on a wage assumption this paper selected (not a sourced figure), a jobs estimate drawn from an industry-commissioned report, and a simplified effective withholding rate. A more defensible figure would require a public-records request to the Ohio Department of Taxation and Department of Development for facility-level withholding and CAT data tied to approved data center agreements — a research step beyond the scope of this paper.

VIII. How Ohio's Incentive Compares to Other States

Ohio's approach is one of at least 37 similar state programs nationally.[28] All of the programs reviewed below share a common structure — a sales-and-use tax exemption on qualifying equipment, conditioned on minimum capital investment and, in most states, a minimum job count — but they differ in threshold size, disclosure requirements, and how each state has responded as costs have grown faster than initial projections.

[26] U.S. Bureau of Labor Statistics, Occupational Employment and Wage Statistics, May 2025 national estimates for construction and extraction occupations, bls.gov/oes/.
[27] ZipRecruiter, "Construction Worker Salary in Ohio," ziprecruiter.com/Salaries/Construction-Worker-Salary--in-Ohio (accessed 2026; private salary-aggregator estimate, not a government statistic).
[28] Texas Tribune, "Texas losing a billion dollars a year on data center tax break," April 8, 2026, texastribune.org/2026/04/08/texas-data-centers-sales-tax-break-billion-dollars/.

State	Investment / Job Threshold	Reported FY Cost	Status as of Mid-2026
Ohio	$100M+ investment; $1.5M annual qualifying payroll (ORC §122.175)	$1.568B (FY2025 state)	New approvals paused May 2026 pending legislative review
Virginia	$150M investment, 50 jobs (original); higher thresholds for 2035–2050 extensions	~$1.6–1.9B (FY2025)	Exemption preserved through 2035; new per-kWh electricity tax added starting July 2026
Texas	$200M investment over 5 years, 20 jobs	~$1.6B/yr (est.; $3.2B over FY2026–27 biennium)	Legislature to debate scope in 2027 session; exemption currently intact
Georgia	$100M–$250M investment depending on county population	$474M (FY2025, audited); $2.5B projected FY2026	Repeal bills (SB 410, HB 559) advanced in 2026 session but did not pass; exemption intact
Arizona	$25M (non-urban) or $50M (urban) investment	Not separately published by the state	Program extended through 2033; no active repeal effort identified
Iowa	$200M investment over 6 years (full abatement); reduced terms for smaller projects	Not separately published by the state	No active repeal effort identified as of mid-2026

Table 2. Selected state data center sales-tax exemption programs, as of mid-2026. Figures are not directly comparable across states because reporting periods, disclosure rules, and what counts as "investment" differ. Sources: Virginia Department of Taxation biennial report (Jan. 2026); Virginia Mercury; Kiplinger; Texas Comptroller; Texas Tribune; Georgia Department of Audits and Accounts via Good Jobs First; Georgia Public Broadcasting; Arizona Commerce Authority; Iowa Department of Revenue; Ohio Department of Taxation.

Two patterns stand out. First, several states — including Ohio, Virginia, Texas, and Georgia — have seen actual exemption costs substantially exceed original fiscal projections; Virginia's exemption, for example, was projected in 2008 to cost roughly $1.54 million annually and instead cost the Commonwealth an estimated $1.6–1.9 billion in fiscal year 2025.[29] Second, no reviewed state has fully repealed its exemption outright as of mid-2026: Virginia added a new electricity consumption tax while preserving the sales-tax exemption; Georgia's repeal bills advanced through committee and the Senate but did not clear the legislature; and Ohio has paused new approvals without altering terms for existing agreements. This suggests that, across states, the political economy of large existing capital commitments has so far made outright repeal difficult even where legislative appetite for reform exists.

IX. Summary Figures and What This Paper Does Not Measure

Table 3 collects the principal figures discussed throughout this paper in one place. It is a summary of figures already presented above, not a new calculation, and the same cautions about differing time periods, denominators, and evidentiary categories described elsewhere in this paper apply to it.

Metric	Value
Annual state sales-tax exemption (FY2025)	**$1.568 billion**
Local sales-tax exemption (2024)	**$166.8 million**
Combined, approximate (overlapping periods)	**~$1.735 billion**

[29] Introl, "Virginia's $1.6B Data Center Tax Battle Reshapes Data Center Alley," February 2026, introl.com/blog/virginia-data-center-tax-exemption-battle-2026, citing the Department of Taxation's original 2008 cost projection.

Metric	Value
2025 capital investment by exemption holders	**$27.2 billion**
Sales-tax exemption agreements approved since 2014	**20**
Contractually required permanent jobs, selected agreements (Table 1)	**18–808 per project**
Approximate exemption cost per contractually required job	**~$470,000–$3.63 million (per project); ~$1 million (statewide reference)**
Estimated construction-payroll tax revenue (order-of-magnitude)	**$50–$75 million/year**

Table 3. Summary of principal figures discussed in this paper. Figures drawn from different reporting periods and evidentiary categories are listed separately rather than summed.

What isn't measurable with current public data

Several categories of economic activity plausibly associated with data center development are real but not quantifiable with the public data available to this paper, including:

- Supplier and vendor spending by data center operators and contractors within Ohio
- Increased local hotel, restaurant, and retail demand during construction phases
- Utility infrastructure investment attributable to data center customers
- Construction-sector economic multiplier effects
- Technology-sector clustering or agglomeration effects on other Ohio employers

This paper does not attempt to estimate these categories, and their omission should not be read as evidence that they are negligible — only that the public record does not currently support a defensible dollar figure for them.

X. Data Limitations & Methodological Notes

- No single public ledger. State sales-tax exemptions (Tax Credit Authority), Job Creation Tax Credits (also Tax Credit Authority), and CRA property tax abatements (local legislative bodies) are administered separately and reported in different documents, making a single, complete per-project public cost difficult to assemble.
- Forecast volatility. The state's own forecasts for this program have underestimated actual costs by a factor of roughly 4 to 12 in successive fiscal years, indicating that any forward-looking projection in this space — including the industry-aligned five-year projections cited in Section VI, and comparable projections in other states cited in Section VIII — should be treated with caution.
- Disclosure limits. Some of the largest tax-credit agreements reportedly permit companies to decline public disclosure of the detailed annual reports the exemption statute otherwise requires, limiting independent verification of company-specific figures.
- Differing denominators. Watchdog groups (Policy Matters Ohio, Good Jobs First) and industry-aligned groups (Ohio Chamber of Commerce, NetChoice, Americans for Tax Reform) are answering different questions: one measures dollars forgone against the minimum job counts written into specific agreements; the other measures the cumulative economic footprint of the entire statewide industry. Neither is incorrect on its own terms, but the two should not be combined into a single ratio.

- Time sensitivity. The moratorium on new exemptions, an active legislative review committee, and a pending ballot initiative to restrict large data center construction mean the figures in this paper describe a program in flux rather than a settled policy.

XI. Conclusion

Ohio's data center sales-tax exemption has grown, in the space of two fiscal years, from a program costing roughly $130 million annually in official projections to one costing over $1.5 billion in a single year. The long-term job counts attached to individual agreements are, in most publicly disclosed cases, small — typically in the range of 18 to 90 positions per project — relative to the scale of investment and forgone revenue, yielding per-project costs that commonly exceed $1 million per contractually required job. Separately, industry-aligned research points to a much larger existing statewide employment and GDP footprint for the data center sector as a whole, though that figure describes the industry's overall presence rather than the return on any specific tax-credit agreement.

On the construction side, the public record does not support a precise estimate of tax revenue generated by data center development, because the same sales-tax exemption that applies to equipment also applies to construction materials for most large projects. What limited construction-related tax revenue does exist is most likely concentrated in income tax withholding on construction payroll and in Commercial Activity Tax on contractor receipts — neither of which the state separately publishes for this sector.

Ohio's experience is not unique. Every state reviewed in Section VIII has seen its data center incentive cost more than initially projected, and each is, in some form, currently reassessing the program's terms. This paper takes no position on whether Ohio's sales-tax exemption should be continued, modified, or repealed; that is a legislative judgment currently before the Ohio General Assembly's data center review committee, informed by considerations — electric grid capacity, water use, local disclosure requirements, and the pace of AI-driven demand — that extend beyond the fiscal scope addressed here. The purpose of this paper is not to recommend a policy outcome, but to establish a common factual foundation for evaluating one of Ohio's largest and fastest-growing economic development incentives.

Sources

This paper draws on the following categories of sources, consistent with OCG Research Center source-tiering standards. Primary government sources are treated as authoritative; other categories are identified by their institutional affiliation so readers can weigh them accordingly.

Primary government sources

- Ohio Revised Code §122.175
- Ohio Department of Taxation (exemption cost figures, Tax Expenditure Report)
- Ohio Department of Development and Ohio Tax Credit Authority (agreement terms)
- U.S. Bureau of Labor Statistics, Occupational Employment and Wage Statistics
- Virginia Department of Taxation biennial Data Center Retail Sales and Use Tax Exemption Report
- Texas Comptroller of Public Accounts; Georgia Department of Audits and Accounts; Arizona Commerce Authority; Iowa Department of Revenue

Nonpartisan news reporting

- Signal Ohio and Signal Cleveland
- News 5 Cleveland
- Governing
- Dayton Daily News
- Texas Tribune
- Virginia Mercury
- Georgia Public Broadcasting
- Kiplinger / Williams Mullen legal analysis (Virginia electricity tax)

Watchdog / fiscal-accountability sources (flagged where cited)

- Policy Matters Ohio
- Good Jobs First
- Food & Water Watch

Industry-aligned sources (flagged where cited)

- NetChoice (trade association testimony)
- Ohio Chamber of Commerce / Cushman & Wakefield / SRC EvalMetrics (commissioned study)
- Americans for Tax Reform

Academic / methodology sources

- University of Virginia Weldon Cooper Center for Public Service (Great Lakes data center study, via WOSU Public Media)
- ZipRecruiter salary-aggregator data (identified in-text as a private, non-government estimate)

Revision History

This is a monograph-format white paper rather than a living tracker; it is not scheduled for routine reissue. Should the Ohio General Assembly's data center review committee, the pending ballot initiative, or a material correction to the underlying data warrant an update, a new version will be logged below and the Research Library ID will remain constant across versions.

Version	Date	Description
1.0	July 15, 2026	Initial publication. Rebuilt by the OCG Research Center from an AI-drafted input document following peer review; adds the Methodology, Definitions, Sources, and How Ohio Compares to Other States sections, a Return-on-Investment summary table, and revised terminology (“forgone revenue” / “tax expenditure” in place of “cost”) consistent with OCG editorial standards.

Appendix A. Selected Tax Credit Agreements

Company	Location	Investment	Exemption Term / Source
Microsoft	Licking County (3 facilities)	$1 billion	15 years — Policy Matters Ohio
Amazon Data Services	Franklin, Licking, Union Counties (17 facilities)	$13.87 billion (2023 revision)	Through 2055 (original 2014 agreement terms) — Policy Matters Ohio
Google / Magellan Enterprises	Columbus	Not fully disclosed	15 years, 100% CRA — Governing
Meta	New Albany	$1.5 billion	15 years, 100% property abatement — Governing
Cologix	Delaware & Licking Counties	$1.17 billion	State exemption + 10–15-yr local CRA — Signal Cleveland / Signal Ohio
Aligned Data Centers	Not specified	Not fully disclosed	15 years, 75% exemption — News 5 Cleveland
QTS Data Centers	New Albany	Not fully disclosed	15 years, 100% CRA + JCTC — Governing

Table A1. Selected publicly reported Ohio data center tax agreements. Not exhaustive; compiled from secondary reporting cited throughout this paper. Figures should be verified against primary Ohio Department of Development and Tax Credit Authority filings before use in any OCG advocacy or organizing material, consistent with OCG's editorial independence policy.