

# Data Center Incentives

## Notes on the National Context

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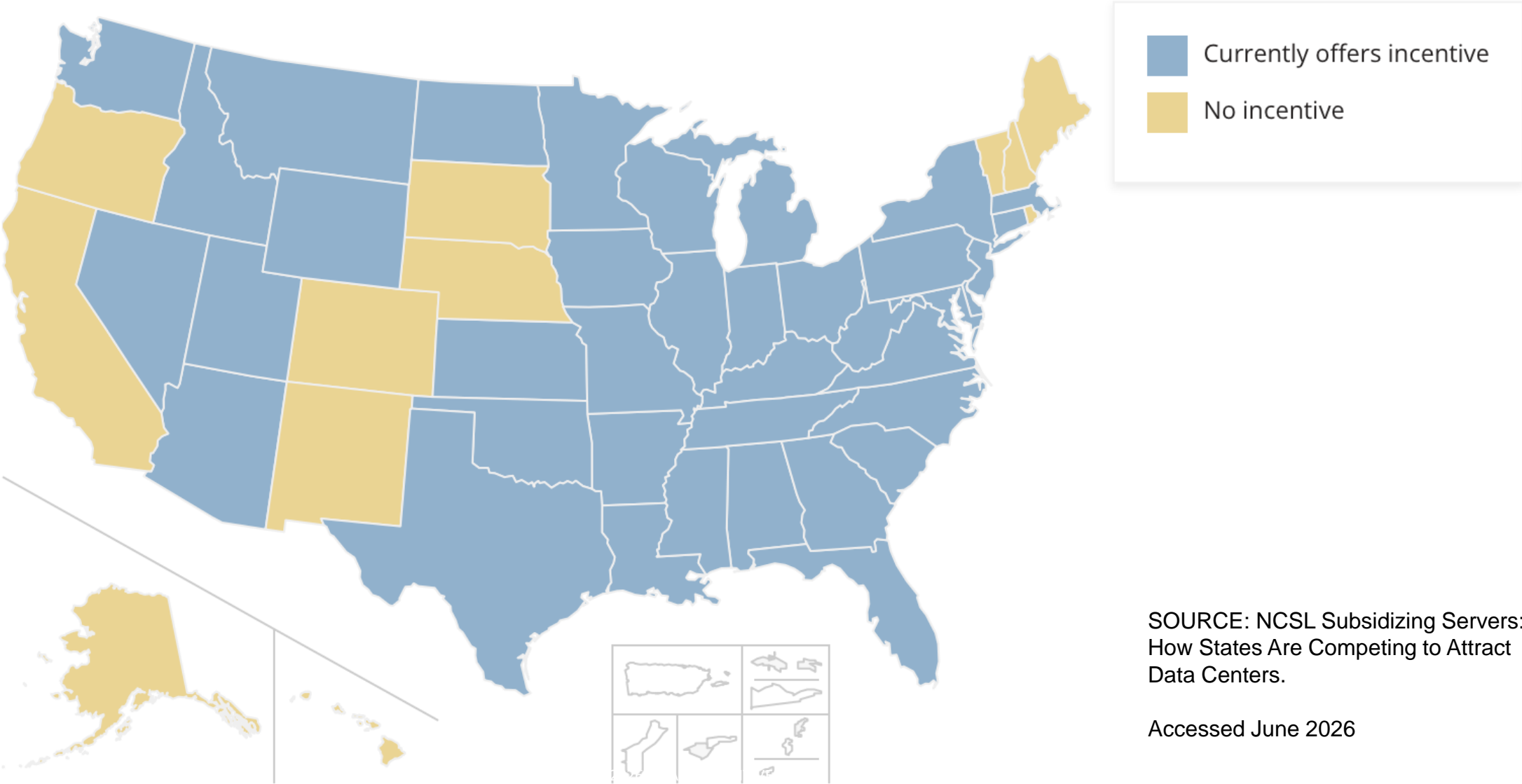
OREGON DATA CENTER ADVISORY COMMITTEE

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# 38 states offer dedicated tax incentives for data centers

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SOURCE: NCSL Subsidizing Servers: How States Are Competing to Attract Data Centers.

Accessed June 2026

# Data center incentive types

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All states with targeted data center tax incentives provide state sales tax exemptions

- Often data center equipment but may also include construction materials
- 14 states exempt electricity service from the sales tax

11 states offer data centers a state-wide property tax incentive – but property tax abatements are usually a local incentive

Most states place some conditions on these incentives

- Minimum capital investment
- Jobs and sometimes wages

States are increasingly considering:

- Local support and concerns
- Water and electricity usage
- Noise

# More states are pausing or adjusting their data center incentives

\* Note: these are examples,  
not a comprehensive list

## Incentive suspension or moratorium

- Ohio
- Arizona
- Illinois

## Adding conditions

- Pennsylvania
- Utah

## Studying the matter

- Texas – rolling back incentives and adding conditions
- North Carolina – phasing out or revising sales tax exemption

# What questions should Oregon ask about incentives for data centers?

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## Economic Development Strategy

- How do data centers and incentives to data centers align with state strategic priorities?
- Do the incentives address known business development challenges?
- Do they have the potential to yield valued and measurable outcomes?

## Regional Differences

- Are data centers a good fit for some Oregon regions?
- Are they supported by regional partners, stakeholders, and communities?

## Risk Management

- Are taxpayers protected if the project changes?
- Does the incentive follow some or all of these good practices: targeted, discretionary, capped, limited duration, transparent?

# Contact

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*Disclosure: Ellen Harpel is a consultant to Business Oregon. This presentation reflects her own opinions and analysis.*