May 5, 2025

VIA EMAIL (HouseFinance@rilegislature.gov)

Marvin L. Abney
Chair, House Finance Committee
Rhode Island State House
Providence, RI 02903
rep-abney@rilegislature.gov

Re: Support for H 6097; An Act Relating to State Affairs and Government -- Rhode Island Commerce Corporation -- Qualified Data Centers Location Incentive

Dear Representative Abney:

I write to you in your capacity as the Chair of the Senate Commerce Committee and with regards to H 6097, a bill pending before your Committee which would create a regulatory process through which qualified data centers could apply to the Rhode Island Commerce Corporation and, if eligible, would receive sales and use tax exemptions for "qualified data center equipment" and municipal property tax exemptions for the real estate occupied by the qualified data center. H 6097 would require the data center to enter into a host municipality fee agreement which would provide negotiated remuneration in lieu of the property tax. I write in my capacity as Senior Legal Counsel for Revity Energy LLC and its affiliates ("Revity") and to express **Revity's support for H 6097**. Revity is a Rhode Island-based utility-scale solar developer which has successfully developed twenty-six (26) photovoltaic solar energy system ("PSES") facilities in Rhode Island with total nameplate capacity of 128.6 megawatts, direct current (MW_{DC}) producing approximately 164,566,180 kilowatt hours of electricity per year (enough to service approximately 16,720 Rhode Island households annually). In any given year, Revity employs between 75 and 100 IBEW 99 union electricians to construct its facilities. Last year, Revity paid over $800,000 in taxes and permitting fees to the eleven (11) municipalities in which Revity operates. Recently, Revity has been studying the domestic data center industry and, within the past year, has seen both Massachusetts and Connecticut join thirty-five (35) other states in enacting tax incentive programs for data center development.

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Data centers are facilities that house computer systems and associated components such as telecommunications and storage systems to store, process and manage significant amounts of data generated by an increasingly connected digital world. Data centers allow organizations to collect, store, and process data which is a vital function for the healthcare and education industries as well as emergency response systems. Common forms of data centers are enterprise data centers,[1] colocation data centers,[2] cloud data centers,[3] edge data centers,[4] intermediate distribution frame,[5] modular data centers,[6] and artificial intelligence (AI) data centers.[7] Data centers are tiered from 1 to 4 with Tier 4 providing the most security and redundancies and Tier 1 providing the least.[8] According to the US Census Bureau, between 2016 to 2023, domestic data center employment increased more than 60% nationally.[9] Over that period, thirty-nine (39) states increased data center employment. Nine (9) states increased data center employment by over 100% and two (2) states increased data center employment by over 200%. During that same period, Rhode Island's data center employment decreased by 75.5% (which ranked last in the nation).[10]

Data center transactions in 2024 totaled approximately $57 billion, with an additional $29 billion pending—more than double the $26 billion in 2023.[11] Blackstone projects up to $2 trillion in generative AI investment in the sector over the next five years, with half of that spending concentrated in the US. The domestic data center market is estimated to grow at an annual rate of 17%, increasing from 33 gigawatts in 2023 to 100 GW by 2030. Each megawatt (MW) of data center capacity requires an average investment of $11 million with large data centers currently being built across the country sizing 50 to 100 MW.[12] Data centers present investment opportunities of $550 million to $1 billion.[13] The total sales volume in 2024 reached $420.4 billion,

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[1] Enterprise data centers are owned and operated by individual companies or public entities to support information technology needs.

[2] Colocation data centers provide space, power and cooling infrastructure for multiple tenants to house information technology equipment.

[3] Cloud data centers are facilities operated by cloud service providers such as Amazon Web Services (AWS), Microsoft Azure and Google Cloud Platform.

[4] Edge data centers are smaller facilities located closer to end-users and connected devices, often in remote or rural areas.

[5] Intermediate distribution frame is a small-scale data center that supports the network infrastructure needs of a building or campus.

[6] Modular data centers are prefabricated units that can be assembled on-site or shipped.

[7] AI data centers are facilities specifically designed to handle the high-intensity computing tasks required by artificial intelligence (AI) workloads, incorporating specialized hardware, advanced cooling, and optimized software to support the training and deployment of complex machine learning models.

[8] Tier 4 data centers have fault tolerance and include multiple paths for power and cooling and redundant components for all functioning including the distribution path. Tier 3 data centers provide concurrent maintainability and include multiple paths for power but do not provide a redundant distribution path. Tier 2 provides some redundancy but downtime occurs during maintenance or equipment failure. Tier 1 has a single path for power and cooling and provides no redundancy.

[9] https://www.census.gov/library/stories/2025/01/data-centers.html#:~:text=Employment%20in%20U.S.%20data%20centers,Quarterly%20Workforce%20Indicators%20(QWI).

[10] *Id*.

[11] *Colliers*, 2025 DATA CENTER MARKETPLACE: BALANCING UNPRECEDENTED OPPORTUNITY WITH STRATEGIC RISK at p. 6.

[12] *Colliers* at p. 6.

[13] *Colliers* at p. 8.

a 9% increase from 2023—a trend expected to continue as capital shifts from other asset classes into data centers.[14] According to the US Chamber of Commerce Technology Engagement Center, during construction, a large scale data center can employ up 1,688 workers, providing $77.7 million in wages and producing $243.5 million in output along the locality's supply chain.[15] Every year thereafter, that same large scale data center can support up to 157 jobs paying $7.8 million in wages and injecting $32.5 million into the local economy.[16] Data centers employ security staff, operations staff and on-site IT engineering and management staff working 24 x 7 x 365 to ensure uninterrupted, reliable service.

H 6097 would establish a program, managed by the Rhode Island Commerce Corporation, through which a proposed large-scale data center can apply and, if the data center meets the statutory qualification requirements, receive certain tax exemptions and tax stabilization. To qualify for this statutory program, the investment in the proposed development must exceed four hundred million dollars ($400,000,000) or, if the data center is located in an "enterprise zone" (as defined by chapter 64.3 of title 42) or a federal "qualified opportunity zone" pursuant to 26 U.S.C. § 1400Z-1(b)(1), the proposed development must exceed two hundred million dollars ($200,000,000).[17] If the Rhode Island Commerce Corporation determines that the proposed investment qualifies for the program, the development may apply for an exemption from the Rhode Island sales and use tax imposed pursuant to chapter 18 of title 44 and exemption from municipal property taxes imposed pursuant to chapter 3 of title 44.[18] No developer shall qualify for municipal property tax exemption unless that developer enters into a "host municipality fee agreement" with the municipality in which the facility is sited.[19]

Thirty-seven (37) states have enacted laws to exempt data centers from various tax obligations including sales, use, property, occupation, service, and/or income taxes.[20] Georgia, for

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[14] *Colliers* at p. 10.

[15] chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.uschamber.com/assets/documents/ctec_datacenterrpt_lowres.pdf

[16] *Id*.

[17] R.I. Gen. Laws § 42-64.3-3(4) defines "enterprise zone" as "an economically distressed United States bureau of the census division or delineation in need of expansion of business and industry, and the creation of jobs, which is designated to be eligible for the benefits of this chapter."

[18] H 6097 at § 42-64-43(a).

[19] H 6097 at § 42-64-43(d)(4)(i).

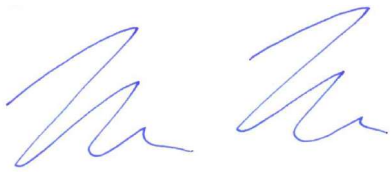
[20] Alabama (Al. Stat. § 40-9B); Arizona (Ariz. Rev. Stat. §§ 41-1519, 42-5061, 42-5159, and 42-6004); Arkansas (Ark. Code § 26-52-455), Connecticut (Conn. Stat. § 32-286); Delaware (Del. Stat. Tit. 30 §§ 2001-2097); Florida (Fl. Rev. Stat. § 212.08(5)(r); Georgia (O.C.G.A. § 48-8-3(68.1)); Idaho (Idaho Code Ann. § 63-3622VV); Illinois (Ill. Comp. Stat. 605/605-1025); Indiana (Ind. Code § 6-2.5-15); Iowa (Iowa Code Ann. § 423.3.95); Kentucky (Ky. Rev. Stat. § 154.32-020); Louisiana (La. Rev. Stat. §§ 47:305.73, 47:303.1(B)); Maryland (Md. Tax § 2-614.1); Massachusetts (Mass. Stat. 23A § 70; Mass. Stat. 64H § 6); Michigan (Mich. Stat. §§ 205.54ee, 205.94cc); Minnesota (Minn. Stat. Ann. § 57-113-21); Mississippi (Miss. Code § 57-113-21); Missouri (Mo. Stat. § 144.810); Montana (Mont. Code Ann. § 15-6-162); Nevada (Nev. Rev. Stat. § 360.754); New Jersey (N.J. Stat. 34:1B-397); New York (NY Tax § 1115); North Carolina (N.C. Gen. Stat. § 105-164.13); North Dakota (NDCC § 57-39.2-04.17); Ohio (Ohio Rev. Code § 122.175); Oklahoma (Okla. Stat. Ann. Tit. 68, § 1357); Pennsylvania (72 Pa. Stat. § 9931-D); South Carolina (S.C.C. § 12-36-2120(79); Tennessee (Tenn. Code § 67-6-206(c)); Texas (Tx. Tax §§ 151.359, 151.317(a)(9); Utah (Utah Code Ann. § 59-12-104); Virginia (Virginia Code § 58.1-609.3);

example, provides a complete exemption from sales and use tax for data center development with total investment thresholds between $25 million and $250 million (depending on the host county)[21] and, since 2016, Georgia has increased its data center employment by 140.2%. Last year, Connecticut enacted legislation identical to H 6097 with their program operated by the Connecticut Commission of Economic and Community Development.[22] Last year, Massachusetts enacted legislation exempting all sales and use tax on data center equipment, data center software, electricity used by a data center and data center construction costs.[23] Rhode Island cannot afford to remain uncompetitive for these investments.

Data and its storage are increasingly becoming central parts of this country's economy. Large generators and users of data (such as hospitals, banks, universities) will soon exceed their ability to store such data in-house (if they have not already). If Rhode Island does not have sufficient local, managed storage capacity, these entities will need to send their data to other states and Rhode Island legislators and regulators will lose all control over the security protocols governing Rhode Islanders' medical, financial and other sensitive data. H 6097 unlocks the door to Rhode Island for the data center industry to invest in the State and its local communities. Substantial private capital investments, high value job creation and contributions towards science, technology, engineering, and mathematics (STEM) and other workforce development programs[24] would be enabled through H 6097. Furthermore, proximity to a data center increases data security, increases data fidelity and decreases latency. Rhode Island data center development is an incentive for Rhode Island data users to remain in this State closer to their data. **Revity strongly supports passage of H 6097.**

If the Committee has any questions regarding the positions taken in this correspondence, please feel free to contact my office.

Regards.



Nicholas L. Nybo
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REVITY ENERGY LLC AND AFFILIATES

Washington (Wash. Rev. Code Ann. § 82.08.9861); West Virginia (W. Va. Code Ann. § 11-6J-1); Wisconsin (Wisc. Admin. Tax Code §§ 11.68, 11.71); Wyoming (Wyo. Stat. Ann. § 39-15-105).

[21] O.C.G.A. § 48-8-3(68.1).

[22] Conn. Stat. § 32-286.

[23] Mass. Stat. 23A § 70; Mass. Stat. 64H § 6

[24] PwC, Executive Summary: Economic, Environmental, and Social Impacts of Data Centers in the United States at p. 7.

Copy:

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