



March 10, 2026

VIA EMAIL (Slegislation@rilegislature.gov)

Senator Robert Britto
Chair, Senate Commerce Committee
Rhode Island State House
Providence, RI 02903
sen-britto@rilegislature.gov

Re: Support for S 2346; An Act Relating to State Affairs and Government -- Rhode Island Commerce Corporation -- Qualified Data Centers Location Incentive

Support for S 2776; An Act Relating to Public Utilities and Carriers -- Public Utilities Commission

Testimony regarding S 2427; An Act Relating to Public Utilities and Carriers -- Public Utilities Commission

Dear Senator Britto:

I write to you in your capacity as the Chair of the Senate Commerce Committee and with regards to S 2346, S 2776 and S 2427, three bills pending before your Committee regarding data center development. I write in my capacity as Senior Legal Counsel for Revity Energy LLC and its affiliates (“Revity”) and to express **Revity’s support for S 2346 and S 2776** and its concerns about S 2427. Revity is a Rhode Island-based utility-scale solar developer which has developed twenty-seven (27) photovoltaic solar energy system facilities in Rhode Island with total nameplate capacity of 147 megawatts, direct current (MWDC) and currently has four (4) projects under construction totaling 48 MWDC. In 2025, Revity paid over \$700,000 in taxes, permitting and other fees to the 10 Rhode Island municipalities in which Revity operates. Last year, Revity’s net-metering projects saved five municipalities, five universities, five hospitals and seven local businesses \$6.7 million on their electricity bills.

Recently, Revity has been studying the domestic data center industry. Thirty-nine (39) states, including Massachusetts and Connecticut, have enacted sales tax exemptions for data center

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development. Of the 11 remaining states, 3 have no sales tax at all¹ and 2 others are currently debating sales tax exemption legislation for data centers.² “Data center companies consider several factors when determining where to locate, and state sales tax exemptions are regularly ranked amount their top factors.”³ Data centers are facilities that house computer systems and associated components such as telecommunications and storage systems to 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, financial and education industries as well as emergency response systems. Common forms of data centers are enterprise data centers,⁴ colocation data centers,⁵ cloud data centers,⁶ edge data centers,⁷ intermediate distribution frame,⁸ modular data centers,⁹ and artificial intelligence (AI) data centers.¹⁰ Data centers are tiered from 1 to 4 with Tier 4 providing the most security and redundancies and Tier 1 providing the least.¹¹

According to the US Census Bureau, between 2016 to 2023, domestic data center employment increased more than 60% nationally.¹² 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).¹³ Data center transactions in 2024 totaled approximately \$57 billion, with an additional \$29 billion pending—more than double the \$26 billion in 2023.¹⁴ The domestic data center market is estimated

¹ New Hampshire, Oregon and Alaska.

² Colorado (HB 1030) and South Dakota (HB 1005).

³ <chrome-extension://efaidnbmninnibpcjpcglclefindmkaj/https://jlarc.virginia.gov/pdfs/reports/Rpt598.pdf> (“Virginia JLARC Report”).

⁴ Enterprise data centers are owned and operated by individual companies or public entities to support information technology needs.

⁵ Colocation data centers provide space, power and cooling infrastructure for multiple tenants to house information technology equipment.

⁶ Cloud data centers are facilities operated by cloud service providers such as Amazon Web Services (AWS), Microsoft Azure and Google Cloud Platform.

⁷ Edge data centers are smaller facilities located closer to end-users and connected devices, often in remote or rural areas.

⁸ Intermediate distribution frame is a small-scale data center that supports the network infrastructure needs of a building or campus.

⁹ Modular data centers are prefabricated units that can be assembled on-site or shipped.

¹⁰ 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.

¹¹ 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.

¹² [https://www.census.gov/library/stories/2025/01/data-centers.html#:~:text=Employment%20in%20U.S.%20data%20centers,Quarterly%20Workforce%20Indicators%20\(QWI\)](https://www.census.gov/library/stories/2025/01/data-centers.html#:~:text=Employment%20in%20U.S.%20data%20centers,Quarterly%20Workforce%20Indicators%20(QWI))

¹³ *Id.*

¹⁴ *Colliers, 2025 DATA CENTER MARKETPLACE: BALANCING UNPRECEDENTED OPPORTUNITY WITH STRATEGIC RISK* at p. 6.

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.¹⁵ Data centers present investment opportunities of \$550 million to \$1 billion.¹⁶ The total sales volume in 2024 reached \$420.4 billion, a 9% increase from 2023—a trend expected to continue as capital shifts from other asset classes into data centers.¹⁷ According to the US Chamber of Commerce Technology Engagement Center, during construction, a large scale data center can employ up to 1,688 workers, providing \$77.7 million in wages and producing \$243.5 million in output along the locality’s supply chain.¹⁸ 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.¹⁹ 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. “Both data center operations and construction workers earn average or above average wages” and “[o]n average, data center employees and contractors earn about \$100,000 per year, varying based on job role and area of the state.”²⁰

In December of 2024, the Joint Legislative Audit and Review Commission for the Commonwealth of Virginia (“JLARC”) issued a report studying its data center industry.²¹ At the time of the JLARC Report, Northern Virginia was the largest data center market in the world, constituting 13% of the global operational capacity and 25% of operational capacity in the Americas.²² “Overall, the data center industry is estimated to contribute 74,000 jobs, \$5.5 billion in labor income, and \$9.1 billion to GDP to Virginia’s economy annually.”²³ The JLARC Report provides the following labor breakdown:

Economic impact	Annual average based on data center capital investment and related operation spending		
	Construction phase	Operations phase	Total impact
Jobs	59,000 jobs <i>(35,000 direct)</i>	15,000 jobs <i>(4,400 direct)</i>	74,000 jobs <i>(39,400 direct)</i>
Labor income	\$4.3 B <i>(\$2.6 B direct)</i>	\$1.2 B <i>(\$0.4 B direct)</i>	\$5.5 B <i>(\$3.1 B direct)</i>
Virginia GDP	\$6.4 B <i>(\$3.3 B direct)</i>	\$2.7 B <i>(\$1.1 B direct)</i>	\$9.1 B <i>(\$4.4 B direct)</i>

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The Report stated that Loudoun and Prince William counties have the largest and most mature data center markets in the state and data center municipal tax revenues in those counties accounted

¹⁵ *Colliers* at p. 6.

¹⁶ *Colliers* at p. 8.

¹⁷ *Colliers* at p. 10.

¹⁸ chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.uschamber.com/assets/documents/ctec_datacenter_rpt_lowres.pdf

¹⁹ *Id.*

²⁰ Virginia JLARC Report at p. 15.

²¹ *Id.*

²² *Id.* at p. i.

²³ *Id.*

²⁴ *Id.* at p. 15.

for 31% and 7%, respectively, of total local tax revenue.²⁵ Elsewhere in Virginia, the “primary reason Mecklenburg was successful in attracting Microsoft was because the county had already identified a site suitable for data center development when Microsoft was looking for potential Virginia locations.”²⁶

S 2346 would establish a sales tax exemption for “qualified data center equipment” if certified by the Rhode Island commerce corporation.²⁷ The legislation would create a system by which an owner or operator of a data center may apply to the director of the Rhode Island commerce corporation for a sales tax exemption for all “qualified data center equipment.”²⁸ The application must establish the data center’s qualifications for the sales tax exemption which include a \$400 million investment (or a \$200 million investment in an enterprise zone) of which a minimum of \$30 million must be spent on Rhode Island labor and a minimum of \$10 million must be invested in a renewable energy resource or energy storage system located in Rhode Island.²⁹ If granted a written certification of qualification, the owner or operator is required, on the sixth anniversary of the written certification, to file a report with the commerce corporation with documents necessary to evidence the data center’s actual compliance with the thresholds and conditions of the statute.³⁰ If the commerce corporation determines that the data center has met the investment thresholds and other conditions, the corporation shall issue a certificate of compliance.³¹ If the commerce corporation determines that the data center has failed to meet the investment thresholds, the corporation shall assess financial penalties pursuant to § 42-64-43(e). These penalties shall be paid to the Rhode Island department of revenue.³² Lastly, this legislation would add qualified data centers to the list of obligated developments under the Labor Standards in Renewable Energy Projects Act thereby obligating owners or operators of qualified data centers to pay prevailing wages, participate in apprenticeship programs and execute labor peace agreements.³³

Again, thirty-nine (39) states have enacted laws to exempt data centers from various tax obligations including sales, use, property, occupation, service, and/or income taxes.³⁴ Georgia, for

²⁵ *Id.* at p. 16.

²⁶ *Id.* at p. 19.

²⁷ S 2346 at § 44-18-30(69).

²⁸ *Id.* at § 42-64-43(b).

²⁹ *Id.* at § 42-64-3(30)(i)-(iii).

³⁰ *Id.* at § 42-64-43(e).

³¹ *Id.* at § 42-64-43(g).

³² *Id.* at § 42-64-43(f).

³³ *Id.* at § 39-26.9-2(2).

³⁴ 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); Kansas (Ks. St. § 74-50, 331); 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); Nebraska (Ne. St. § 77-2704.62); 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);

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)³⁵ and, since 2016, Georgia has increased its data center employment by 140.2%. Two years ago, 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.³⁶ Connecticut has passed similar legislation.³⁷ S 2346 is far more conservative and has many more guardrails than the legislation in Massachusetts and Connecticut, but Rhode Island no longer afford to remain uncompetitive with its neighbors 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. S 2346 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 programs³⁸ would be enabled through S 2346. Furthermore, proximity to a data center increases data security and fidelity and decreases latency. Rhode Island data centers would be another bond keeping Rhode Island data users in this State closer to their data.

Reivity is well-aware of the concerns that have been recently raised nationally regarding data center development. S 2776, also being heard by your Committee this evening, provides that the "public utilities commission shall require that any costs reasonably attributable to the planning, construction, expansion, operation, or maintenance of electric generation, transmission, or distribution facilities necessary to serve a data center shall be borne exclusively by that data center."³⁹ That legislation also requires data centers to report to the Rhode Island Department of Environmental Management its average daily water withdrawal, peak daily water withdrawal, cooling technologies and water recycling or reuse practices.⁴⁰ The legislation further authorizes the director of the RIDEM to "require a data center to submit a water efficiency, conservation, or recycling plan as a condition of any permit issued under this title" and "financial assurance, in a form acceptable to the department, to ensure site restoration in the event of abandonment or

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); 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).

³⁵ O.C.G.A. § 48-8-3(68.1).

³⁶ Mass. Stat. 23A § 70; Mass. Stat. 64H § 6

³⁷ Conn. Stat. § 32-286.

³⁸ PwC, Executive Summary: Economic, Environmental, and Social Impacts of Data Centers in the United States at p. 7.

³⁹ S 2776 at § 39-1-64(d).

⁴⁰ *Id.* at § 46-15.9-2(a)(1)-(4).

cessation of operations.”⁴¹ Notably, “[m]ost data centers use about the same amount of water or less as an average large office building, although a few require substantially more, and some require less than a typical household” depending on the data center size, computing density and type of cooling system.⁴² That said, Revery understands the resource consumption concerns being raised about data center development and supports legislative efforts to protect Rhode Islanders from over-consumption. Revery supports S 2776 as a logical measure to authorize state agencies to protect Rhode Islanders from resource over-consumption concerns arising from data center development.

Lastly, with respect to S 2427 directing the Public Utilities Commission to create a specialty rate classification for data centers, Revery certainly appreciates the legislative desire to ensure that data centers do not impose an undue burden on Rhode Island ratepayers. It is difficult to predict how a use-specific rate class would operate within the general rate structure because ratemaking in Rhode Island is based on broader classifications (*i.e.*, A-16 for basic residential, A-60 for low income residential, C-06 for small commercial, G-02 for general commercial and G-32 for large demand). While that fact should not necessarily preclude the General Assembly from directing the PUC to establish a specialty rate class, that ratemaking process needs to be carefully designed to avoid unintentional consequences and Revery has certain concerns about the language in S 2427.

First, the definition of a “large energy use facility” states that an eligible facility must use at least 20 MW before it is subject to the specialty classification; however, S 2427 does not specify the time period in which the data center needs to consume that amount of electricity (monthly, annually or over the life of the facility).⁴³ Second, in terms of the factors that the Public Utilities Commission is to consider in setting a specialty classification, data centers provide certain benefits to grid stability which the General Assembly should direct the Commission to consider alongside the burdens of data centers.⁴⁴ For example, data centers present a very consistent load profile which is valuable to grid planning. Third, S 2427 requires the Commission to consider whether data centers “[i]mpede the electric company’s ability to meet the clean energy targets set forth in chapter 6.2 of title 42 (‘2021 act on climate’) or reduce the emissions of greenhouse gases consistent with state policy.”⁴⁵ Any new load customer technically “impedes” the State’s Act on Climate goals because new load increases the denominator for the Renewable Energy Standard and thereby reduces the percentage of consumed electricity produced by renewable energy resources. Fourth, S 2427 requires that Rhode Island Energy and the data center enter into a contract for service but states that if Rhode Island Energy “fails to begin to provide electricity service on or by the date or estimated date specified in a contract entered into under this section due to causes within the electric company’s reasonable control, the electric company shall provide the retail electric consumer notice of delay as soon as reasonably practicable.”⁴⁶ If Rhode Island Energy fails to comply with its contractual obligations to provide electricity service, Revery would respectfully suggest that any and all remedies available under contract or the retail tariff be

⁴¹ *Id.* at §§ 46-15.9-3 & 46-15.9-4.

⁴² Virginia JLARC Report at p. vii.

⁴³ S 2427 at § 39-1-2(a)(16).

⁴⁴ *Id.* at § 39-1-27.10.1.

⁴⁵ *Id.* at § 39-1-27.10.1(b)(5)(iii).

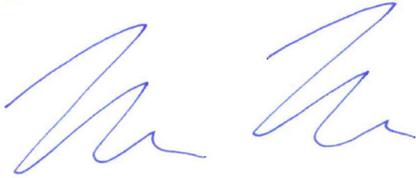
⁴⁶ *Id.* at § 39-1-27.10.1(e)(3).

preserved for the data center customer. Again, Revery fully appreciates the General Assembly's goal of ensuring that data center development in Rhode Island does not foist any undue burden on the ratepayer, but Revery would request that S 2427 be revised to ensure that undue burdens are not placed on this burgeoning industry.

Revery strongly supports passage of S 2346 and S 2776.

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

Regards.



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REVITY ENERGY LLC AND AFFILIATES

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