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Department of Planning and Budget
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State Fiscal Impact Statement

Fiscal Analysis: Effective January 1, 2027, this bill would impose a land conservation tax upon data center operators, in an amount equal to \$3.00 per square foot of each data center facility footprint. Such tax would not be imposed on any data centers with a facility footprint that is less than 25,000 square feet. The total revenue resulting from this tax is unknown at this time. However, the Joint Legislative Audit and Review Commission's 2024 report "Data Centers in Virginia" indicates that there are at least 63 million square feet of data centers in Virginia, and that this number is likely to double in the near future based on projects then in development. According to TAX, it is possible that a doubling of this footprint to 126 million square feet may occur by the time this legislation takes effect. Accordingly, this proposed tax could generate an estimated \$189 million to \$378 million in its first year. It is anticipated that the front page of the budget bill, HB30/SB30, will need to be updated to incorporate such revenue increases.

To implement the provisions of this bill, TAX anticipates the need of one position in FY 2027 and two positions in FY 2028 and the outyears, for a cost of \$110,000 in FY 2027 and \$192,000 in FY 2028 from the general fund. These costs will support the design of a new tax type and program within the Department's systems, and for the two full-time positions.

Beginning July 1, 2028, no less than \$250 million of revenue collected from the new tax would be distributed for land preservation each year, as follows:

- No less than \$70 million to the State Park Conservation Resources Fund (DCR);
- No less than \$50 million for infrastructure improvements and other capital projects to improve public access and visitor experience on Virginia's public lands, allocated as follows: (i) \$30 million to DCR for state parks and (ii) \$20 million divided evenly among (a) DWR, (b) DOF, and (c) DCR's Natural Heritage Division for improvements to the public lands each such entity manages;
- No less than \$30 million to the Virginia Land Conservation Fund to be used in accordance with § 10.1-1020, Code of Virginia (DCR);
- No less than \$30 million to the Virginia Land Conservation Fund to be allocated evenly between (i) the DWR, (ii) DOF, (iii) DCR's State Parks Division, and (iv) DCR's Natural Heritage Division for the acquisition of land or interests in land;
- No less than \$25 million to DCR to be used to establish and maintain a statewide system of trails;
- No less than \$25 million to VDOT for regional multi-use trails pursuant to the State Trails Plan, including new regional trails and projects that improve connectivity of existing trail networks with geographic diversity;
- No less than \$5 million to the Virginia Black, Indigenous, and People of Color Historic Preservation Fund (DHR);

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- No less than \$5 million to the Virginia Battlefield Preservation Fund (DHR);
- No less than \$5 million to the Virginia Farmland and Forestland Preservation Fund (DOF);
- No less than \$2.5 million to the Virginia Outdoors Foundation to be spent for the purpose of providing grants solely for the purpose of increasing access to open space;
- No less than \$1 million to DWR to be used to provide grants for projects that preserve or enhance wildlife corridors;
- No less than \$500,000 to DCR's Office of Environmental Education;
- No less than \$500,000 to the Office of the Secretary of Natural and Historic Resources to establish and operate an Office of Outdoor Recreation to coordinate and promote Virginia's outdoor recreation industry; and
- No less than \$500,000 to the Virginia Tribal Commitment Fund (Secretary of the Commonwealth).

The bill provides that such distribution amounts may be utilized for any administrative expenses incurred by the authorized agency or entity overseeing receipt of such funding only after approval from the cabinet secretary.

This bill also creates a special nonreverting fund to be known as the Virginia Tribal Commitment Fund. Moneys in the fund would be used solely for the purposes of assisting and supporting Virginia tribes with tribal nation building, cultural revitalization, tribal capacity building, land acquisition, and other purposes that protect and preserve tribes and tribal lands.

This bill repeals the current requirement that the Governor includes in the budget bill or in his amendments to the general appropriation act an appropriation from the general fund, up to \$20 million, for land preservation.

Other: None.