

Hyperscale Data Centers Could Deliver Hundreds of Millions in Tax Revenue for Kentucky

Potential Kentucky Data Center Sites by Region: State & Local Economic & Fiscal Impact Analysis — an independent study by Commonwealth Economics Partners, prepared in collaboration with NetChoice.

\$290–435M

in local tax revenue from a single 400-MW data center

Estimated over a 12-year window (2 years of construction + 10 years of operation), including \$167M–\$222M flowing directly to local public schools. Modeled consistently across five Kentucky regions.

STATE TAX REVENUE

\$230–237M

Statewide, over the 12-year study period

ONGOING JOBS

~200 direct

Avg. \$105K/yr wage, plus 213–330 supply-chain & household spending induced jobs

CONSTRUCTION JOBS

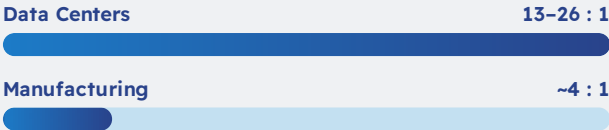
2,800–3,200

Temporary positions, each year of the 2-year build

Why data centers are different

- **Capital-intensive, not resource-intensive** — they generate billions in equipment while asking comparatively little of local public services.
- **Kentucky taxes equipment higher than real estate** — \$0.45 per \$100 on tangible property vs. \$0.109–\$0.103 per \$100 on real estate.
- **The tax base keeps renewing itself** — operators regularly replace hardware to stay current, continually refreshing taxable value.
- **Utility taxes add up** — Kentucky's sales tax (and many local school utility taxes) apply to the electricity these facilities consume at scale.

Revenue vs. cost of service



In mature markets, local tax revenue exceeds public service costs by up to **26-to-1**. In **Loudoun County, VA**, that revenue has let the county cut residential property tax rates for **10 straight years**.

Addressing Concerns

- **Water**
Modern closed-loop and direct-to-chip cooling use far less water than older designs. Counties should confirm system capacity with local utilities before development.
- **Electricity & Rates**
A single facility is a small share of the regional grid. Kentucky's PSC has approved a dedicated data-center rate so new users — not existing ratepayers — cover the cost they create.
- **Noise**
This study models AI data centers, not crypto-mining facilities. Noise depends on cooling design and site layout, and can be managed through standard mitigation measures.

Figures describe a hypothetical, representative \$4B/400-MW project and are not a forecast for any specific site. Estimates reflect gross tax revenue before local incentives, based on current tax rates and standard modeling assumptions.