



## Policy Matters Ohio

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# Tax breaks for data centers have huge costs for Ohio

by: Ben Stein

Revenue losses, modest job creation, energy demands make exemption indefensible

A sales-tax break offered by the state of Ohio to data-center operators like Amazon, Google, and Microsoft could siphon giant sums from state and local governments. [A new report released today by Policy Matters Ohio](#) found that if the tax break covers all the announced investments over the last two years by just those three giant companies, it could cost almost \$1.6 billion in state and local sales-tax revenue.

“The Ohio General Assembly needs to rein in this huge giveaway,” said Zach Schiller, report author and Policy Matters Ohio research director. “That’s urgent, since these data centers are also giant users of electricity, so they could drive up electric rates for Ohioans and threaten progress fighting climate change. Why do we want to provide massive subsidies to some of the wealthiest corporations when the result could be higher costs for Ohioans and Ohio businesses?”

Data centers aren’t big job creators; in fact, the state subsidies often amount to \$1 million or more for each new job created. And a Microsoft



executive recently noted, “I can’t think of a site selection or placement decision that was decided on a set of tax incentives.”

Yet agreements with some companies grant the sales-tax break far into the future if they make certain amounts of investment—in Amazon’s case, till 2055.

The General Assembly should end this costly tax break. Short of an outright end of the sales-tax exemption, the Policy Matters report outlines steps the General Assembly can take to limit and create guardrails on it.