

Data Centers

As a critical network access point since the early days of the internet, Virginia plays a key role in supporting today's global internet traffic. Virginia hosts prominent commercial internet exchange points and has been one of the most active data center markets in the country with expansions by Equinix, Digital Realty Trust, RagingWire and CyrusOne. As Amazon Web Services and Microsoft have discovered, Virginia's critical IT infrastructure provides a foundation for the web-enabled services of tomorrow.

Aware of the necessity for such provisions as redundant power supply and dual fiber paths, Virginia provides a wide variety of site and building options in both urban and rural settings. With the advance of cloud computing and online services, the demand for data centers is growing on a daily basis, and Virginia provides a timely and cost effective solution for locating these facilities.

Virginia's Data Center Industry

- Over 650 data processing, hosting and related establishments are located in Virginia employing more than 13,900 people.
- 70 percent of the world's internet traffic passes through data centers in Northern Virginia.
- Virginia Beach will host the first transoceanic cable station in the Mid-Atlantic region when Telefonica completes the MAREA cable connecting the city with Bilbao Spain in October 2017. This project is a collaboration between the Spanish telecom company, Microsoft, and Facebook.
- The MAREA will soon be followed by the completion of Telefonica's BRUSA cable which will connect Virginia Beach with Fortaleza, Brazil.

Virginia Assets for the Data Center Industry

- In its 2016 Data Center Outlook report, Jones Lang LaSalle notes that Northern Virginia is the nation's top market with respect to demand.
- In Southern Virginia, Mid-Atlantic Broadband Communities Corporation, a not-for-profit cooperative, offers an advanced 1,800+ mile fiber-optic broadband network and provides access to multiple major fiber optic and telecom service providers.
- The University of Virginia's Dependability and Security Research Group focuses on research issues related to computing systems whose failure would have a severe negative impact. The research interests encompass safety-critical systems, critical infrastructure and emergent grid computer systems.
- The Richmond area has been connected to Ashburn with "dark fiber" giving companies the ability to access data centers at a much faster and more affordable way. The fiber line opens opportunities for companies along I-95 between Richmond and Ashburn, including companies located within the Quantico Corporate Center.
- Major data center companies in Virginia include:
 - Amazon Web Services
 - CyrusOne
 - CoreSite Realty Corp.
 - Microsoft
 - Dupont Fabros
 - Equinix
 - Digital Realty Trust
 - Latisys
 - QTS
 - RagingWire

Targeted Industry Incentives

In addition to the low cost of doing business, Virginia offers an exemption from the Retail Sales and Use Tax for computer equipment bought or leased between July 1, 2010 and June 30, 2035 for use in a data center. The facility must be located in Virginia, generate capital investment of at least \$150 million and create at least 50 new jobs (reduced to 25 new jobs in areas of high unemployment) that pay one and one half times the prevailing average wage in the locality.

Taxpayers with an enterprise data center operation may also use an alternative apportionment formula for corporate income tax after entering into a memorandum of understanding with VEDP and making at least \$150 million in qualified investments. After these investments are verified by VEDP, companies may use an apportionment formula with a quadruple-weighted sales factor from July 1, 2016 through July 1, 2017, and a single-sales factor thereafter.