

OP-ED | Opinion This piece expresses the views of its author(s), separate from those of this publication.

Kentucky data centers bring high-paying jobs and more tax income. Welcome them. | Opinion

Kentucky stands at a pivotal moment with the chance to attract significant investment and high-tech jobs through data center development.

Steve DelBianco Opinion Contributor
Aug. 16, 2025, 5:01 a.m. ET



Key Points

- Kentucky is positioned to attract data centers due to growing cloud storage demand.
- Data centers offer benefits such as construction projects and high-paying tech jobs.
- Kentucky's sales tax exemption for data center equipment makes it a more attractive location for investment.
- Data centers can positively impact local economies and electricity rates, according to examples from other states.

Kentuckians, like all Americans, are driving ever-growing demand for data stored in the “cloud,” and Kentucky is now poised to attract the billion-dollar data centers that make the cloud possible. New data centers are under construction across the country, but whether they locate here is up to local communities and public utilities.

When you consider the benefits of construction projects, high-paying tech jobs and new property taxes, Kentucky communities should welcome them.

America’s tech industry is number one when it comes to investing in our communities and future. In 2023, three of America’s top four capital investment leaders spent [\\$86 billion to build new data centers](#) — far more than our energy, telecom, pharma or manufacturing sectors.

Kentucky must consider its demand for cloud storage

The exploding demand should come as no surprise: each of us using a smartphone or computer look to the cloud to store our photos, videos, music, documents and messages — and since we rarely delete old items, our storage needs just keep growing. Nearly every business in Kentucky uses the cloud, too, for hosting applications and customer interfaces. U.S. tech is building data centers to serve *our* needs — not their own internal needs.

Moreover, AI innovation requires even more data centers, and America needs AI to grow our economy, increase productivity and get ahead of China.

But data centers can be located anywhere in the country. That’s why Kentuckians using cloud storage and computing right now are relying on servers located outside the commonwealth, without worrying about capacity or transmission. Given that data centers can be anywhere, they locate where they are welcomed by local communities and where utilities have power to spare.

Data centers pay substantial property taxes in the communities they support

But a warm welcome isn’t enough to attract a billion-dollar investment — if the data servers, AI chips and related equipment are subject to costly state sales tax. In fact, no hyperscale data center has been located in a state that imposes sales tax on servers and equipment: enterprise data centers typically upgrade all their servers in each data center every 4-5 years, so sales tax would add millions to their costs.

Fortunately, Kentucky recently extended its [sales tax exemptions](#) to treat data center equipment the same way it treats business machinery bought by Kentucky farmers, ranchers, manufacturers and miners. Taxpayers rightly don’t complain about subsidies or “tax breaks” when a local manufacturer doesn’t have to pay sales tax on new machinery or when a farmer doesn’t have to pay sales tax on a new harvester. By the same token, sales tax exemptions for business machinery in every industry should be broadly supported since that’s how new investment happens.

The operators of hyperscale data centers don’t typically ask for any taxpayer-funded improvements or economic development grants. In fact, data centers generate new payroll and income taxes and pay substantial property taxes in the communities they support – [\\$895 million in Loudoun County, Virginia county last year](#). These are taxes that will not be paid if data centers stay away from Kentucky.

KY needs data centers to create jobs and pay property taxes

While data centers pay directly for new utility connections and substations, residents and regulators rightly question how new, large data centers may affect electricity rates. For that, look to the experience in states where utilities serve lots of data centers.

Northern Virginia has more data centers than any place in the world, and a [state audit last year](#) found that ratepayers are *not* footing the bill for data centers and that the state has the tools to continue to ensure ratepayer protection. This year, a leading Missouri utility [said](#), “Because of their large volume electricity use, these large load customers, including data centers, absorb a greater share of the fixed costs of operating grid infrastructure (power plants, poles and wires), thus lowering rates for all customers.”

Kentucky stands at a pivotal moment with the chance to attract significant investment and high-tech jobs through data center development. By welcoming them, a Kentucky community could add [160 high-tech jobs that pay six-figures](#) for local high school and trade school grads. On top of that, a community will add millions in local property taxes for decades to come.

More data centers are surely coming to America, so Kentucky communities should consider embracing this great opportunity for high-tech economic development.

Steve DelBianco is president & CEO of [NetChoice](#), a national trade association for America’s leading tech companies, dedicated to protecting free enterprise and free expression online.



Steve DelBianco [NetChoice](#)

