

## **Pennsylvania Senate Finance Committee**

### **Testimony of :**

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Pittsburgh Technology Council**

**RE: SB 760**

**October 29, 2018:**

Good Afternoon, Chairman Hutchinson and members of the Committee.

I am Brian Kennedy and I serve as the Senior Vice President of Operations and Government Affairs at the Pittsburgh Technology Council.

I would like to begin my testimony this morning by thanking you for joining us here at Iron Mountain's unique facility. We are proud to include Iron Mountain among our more than 1,100 member companies from across the 13-country region of southwestern Pennsylvania

Before I discuss topic of today's hearing, I would like to thank this committee for your leadership in repealing the Help desk tax, and also your work in defeating the proposed \$330 million tech tax. We are competing in a global market for technology jobs and those two proposals would have reversed much of the hard-fought progress that has been made in recent years.

The Pittsburgh Technology Council is here today to offer its support for Senate Bill 760, which is an essential reform to Pennsylvania's sales and use tax code. At its core, we view this legislation, as a commonsense approach toward creating family-sustaining jobs in the Commonwealth.

In preparing for this morning's testimony, I quickly reviewed some recent announcements about new data center construction projects across the U.S. Here are just a few examples from my search results:

1. Last Tuesday, Canadian owned PointOne, announced an \$80 million data center in Virginia Beach.
2. In March of this year, Facebook announced a \$750 million new data center in Georgia. Several months later, they announced an additional \$750 million data center project in Alabama. (As a footnote, I will mention that Facebook recently announced a 100,000 square foot, non-data center related, expansion in the Pittsburgh market. We are excited about what that will mean for our region.

3. Finally, EdgeCore recently announced \$2 billion in data center construction projects in Nevada, Arizona and Texas.

These are just a few recently announced projects and represent a broad diversity of data centers and operators, but they do share one common denominator: They were all built in states that have adopted common sense sales tax policies for data centers.

*So why should we as a state care about data center projects?*

First of all, Data centers have become part of the critical infrastructure powering the world's business community. For many firms, proximity to their data still matters. The role that a locally based center like Iron Mountain plays in the success of local businesses is immense.

The direct jobs created during facility construction and expansion phases of a data center are both numerous and high-quality. Those jobs extend far beyond brick and mortar positions and last long after the initial construction phase. As I will describe, they reach far beyond the footprint of their actual physical locations.

As examples, I point to the telecommunications positions created by DQE Communications as they developed redundant data points for this facility. This facility is linked all the way to the office of the Pittsburgh Technology Council, located at Nova Place on the north shore of Pittsburgh. Building such an extensive fiber network requires skilled professionals.

In touring today's facility, you will see prominent examples of the Starline array of electrical products, manufactured by Washington, County-based Universal Electric. That family owned business has seen tremendous growth as a result of a fast growing data center market.

On today's tour, you will also see a uniquely configured HVAC system that helps to differentiate Iron Mountain from its competitors, but also requires skilled plumbers, electricians and HVAC professionals to maintain.

There are quite a few other positions that you won't see today, but are just as real:

As you may know, the largest cost of data center operations is energy.

These facilities not only create strong base-load demand for local utilities, they are often operated by socially-conscious firms like Iron Mountain, that are actively seeking to reduce their environmental footprint. For example, in 2016, Iron mount announced a major investment in locally produced wind energy from Somerset County. Those type of long-term power purchase agreements are hugely important to wind farm developers who are working to secure financing for their projects.

In short, data center projects drive local jobs and power international businesses. This is an industry that we want in Pennsylvania. With this important reform, Pennsylvania will be positioned for success.

For all of these important reasons, we hope that you will adopt SB 760.

Thank you for your consideration.