Policy Matters Ohio

STATEMENT

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Ben Stein
bstein@policymattersohio.org
304-685-8354

Pause on data center tax break won't address soaring costs

Gov. Mike DeWine has directed state officials to pause consideration of new data center sales tax exemption applications, following the revelation that the exemption cost the state more than 11 times the predicted amount last year. The move signals rising concern among state leaders about one of Ohio's most costly and least transparent economic development subsidies.

"This pause, while welcome, is a clear acknowledgment that something has gone seriously wrong," said Zach Schiller, Research Director at Policy Matters Ohio. "Lawmakers were making decisions based on projections that missed the mark by more than a billion dollars. When the true cost finally came into view, it forced action—but a temporary pause on new applications only begins to address the scale of the problem.

"The governor's directive is only temporary. It should be permanent, which the General Assembly can assure by overriding his veto of language in last year's budget bill that would have ended the exemption for new agreements. More importantly, the governor's action does not affect existing agreements, which account for the dramatic run-up in cost in 2025.

"This remains a massive public subsidy for some of the richest corporations in the world, with very little public oversight. Ohioans are already paying the price through strained public budgets and rising pressures on energy systems and infrastructure, while the benefits—especially in permanent job creation—remain limited."

The move comes on the heels of reporting by Signal Ohio's Jake Zuckerman showing that the data center tax break cost more than $1.5 billion in 2025—far exceeding earlier projections and reinforcing longstanding concerns from Policy Matters Ohio about the program's true cost.

The new joint legislative committee on data centers has already begun meeting, and lawmakers now face growing pressure to confront the full scope of the subsidy and its impacts. That includes not only halting future agreements, but also examining how existing commitments could be scaled back or restructured, and restoring transparency for communities affected by these developments. A recent change in the law that limits public access to information about economic development deals should be reversed.

"The governor's pause should be the starting point," Schiller said. "Ohio needs a full accounting of these subsidies, real transparency about their impacts, and a plan to rein them in—including for existing deals. The legislature's new committee should move quickly to ensure that public dollars are being used in ways that actually serve Ohioans."

Policy Matters Ohio is a nonprofit, nonpartisan state policy research institute with offices in Cleveland and Columbus.