



The Economic & Fiscal Impact of a Data Center Development in Calvert County

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Executive Summary

This analysis considers the economic and fiscal benefits associated with a proposed 880,000 square foot data center that Natelli Holdings intends to develop in Calvert County, Maryland. Construction of the facility will support approximately 6,000 jobs, \$380 million in employee compensation, and \$1.9 billion in economic activity over the duration of the project. Construction of the facility will support \$2.9 million in tax revenues for Calvert County, a figure that does not include permitting fees, and more than \$28 million for the State.

Once steady state operations have been attained, the facility will support nearly 500 statewide jobs, about 400 of which will be performed in Calvert County. Those jobs will be associated with \$29 million in statewide compensation and \$138 million in economic activity each year. The data center will support nearly \$45 million in annual tax revenues for Calvert County and \$15 million for the State.

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INTRODUCTION

Natelli Holdings intends to develop an approximate 880,000 square foot data center on approximately 130 acres in Calvert County, Maryland. This development will have significant economic and fiscal benefits for the county, supporting jobs, on a temporary basis during the construction phase and on an ongoing basis once the facility is operational, and augmented spending in the local economy.

This report uses IMPLAN economic modeling software, an industry-standard platform for input-output analysis, as well as proprietary fiscal impact modeling methods that utilize data from the U.S. Census Bureau, the Office of the Maryland Comptroller, and the Calvert County Government, to estimate the jobs, labor income, economic activity, and tax revenues supported by this development. Details regarding the methods and assumptions used in this analysis can be found in Appendix A on page 7.

CONSTRUCTION PHASE IMPACTS

Construction of the powered core and shell—the physical structure but not the equipment inside of the building—is expected to cost \$1.5 billion and is expected to last approximately two years.

The development phase of this project will support approximately 3,800 construction jobs, with a job defined as one full- or part-time position that lasts for one year, and those jobs will average approximately \$69,000 in annual compensation.

Secondary effects—additional activity driven by spending related to the project and the augmented incomes of the directly employed workers, will support more than 2,400 additional jobs across the state. Including those secondary positions, the construction phase will support more than 6,000 jobs across the state, the majority of which will be performed in Calvert County. The project will augment statewide labor income by approximately \$380 million, which includes both wages and benefits.

In total, construction of the data center will support more than \$1.9 billion in statewide economic activity (the sum of goods and services sold in state as a result of the project). More detailed economic impacts can be viewed in Appendix B on page 10, and more information on how to interpret economic impacts can be found in Appendix C on page 12.

Exhibit 1: Construction Phase Total Economic Impacts

	Jobs	Labor Income (Millions \$2026)	Economic Output (Millions \$2026)
<i>Calvert County</i>			
Direct effects	3,769	\$253.2	\$1,467.2
Secondary effects	1,740	\$84.9	\$357.9
Total	5,509	\$338.2	\$1,825.1
<i>Remainder of Maryland (only secondary impacts)</i>			
Total	617	\$44.2	\$143.4
<i>Statewide</i>			
Total	6,126	\$382.4	\$1,968.4

Source: Sage, IMPLAN

*Totals may not add due to rounding

The construction phase will generate significant tax revenues at both the state and local levels. After adjusting the \$338 million in Calvert County-based employee compensation to reflect only wages earned by Calvert County residents, the project will generate an estimated \$2.9 million in income tax revenues for the County. At the state level, the construction phase will bolster tax revenues by nearly \$28 million through augmented sales and income tax revenues. Note that these estimates do not include the cost of the personal property that will be installed inside the facility, as qualified data center equipment is exempt from sales tax in Maryland.

Exhibit 2: Construction Phase Fiscal Impacts

Tax Category	Revenues (Millions \$2026)
<i>Calvert County</i>	
Income	\$2.9
Total	\$2.9
<i>State of Maryland</i>	
Sales	\$17.3
Income	\$10.8
Total	\$28.08

Source: Sage

IMPACTS UPON FULL BUILD OUT

Upon full build out, the data center will support an estimated 110 direct positions related to management, engineering, and security. Compensation for those jobs will approach \$100,000 per annum.

Operational expenditures by the data center and spending by the facility's employees will support more than 380 additional statewide jobs, about 290 of which will be performed in Calvert County. Those secondary jobs include at least ten positions at restaurants, consulting services, real estate firms, courier services, and computer system design firms, among other industries.

Exhibit 3: Operational Economic Impacts, Full Build Out

Annual, Ongoing	Jobs	Labor Income (Millions \$2026)	Economic Output (Millions \$2026)
<i>Calvert County</i>			
Direct effects	110	\$10.4	\$76.1
Secondary effects	293	\$12.0	\$45.8
Total	403	\$22.4	\$121.9
<i>Remainder of Maryland (only secondary impacts)</i>			
Total	93	\$6.2	\$16.0
<i>Statewide</i>			
Total	496	\$28.6	\$137.9

Source: Sage, IMPLAN

*Totals may not add due to rounding

In total, the data center’s operations will support more than 490 jobs, \$28 million in employee compensation, and \$137 million in economic activity annually. Including secondary impacts, the data center will support more than \$44 million in tax revenues for Calvert County each year and approximately \$15 million for the State.

Exhibit 4: Total Ongoing, Annual Fiscal Impacts

Tax Category	Revenues (Millions \$2026)
<i>Calvert County</i>	
Personal Property	\$29.7
Real Property	\$14.8
Income	\$0.2
Total	\$44.6
<i>State of Maryland</i>	
Electricity (sales & franchise)	\$11.0
Sales (other than electricity)	\$1.3
Real Property	\$1.7
Income	\$0.8
Total	\$14.8

Source: Sage

*Totals may not add due to rounding

*Personal Property – 63% of the 1st year calculation to show an average for depreciation over a 4-year period

CONCLUSION

Construction of Natelli's proposed 880,000 square foot data center will support more than 6,100 jobs, \$380 million of labor income, and \$1.9 billion of statewide economic activity over the two-plus year duration. That activity will generate an estimated \$2.9 million in Calvert County tax revenues, a figure that doesn't include permitting and impact fees, and \$28 million in state level tax revenues.

Once steady state operations are attained, the facility itself will employ an estimated 2110 people with average annual compensation approaching \$100,000. Including secondary impacts, the data center will support an estimated 496 jobs earning approximately \$29 million each year across the entirety of Maryland. As a result, statewide economic activity will be bolstered by more than \$137 million each year. This economic activity will generate approximately \$45 million in annual tax revenues for Calvert County and \$15 million for the State.

About Sage Policy Group

Sage Policy Group is an economic and policy consulting firm headquartered in Baltimore, MD. Dr. Anirban Basu, Sage's chairman and CEO, founded the firm in 2004. Sage has created a client base that encompasses more than forty states and seven countries and includes Fortune 500 companies, NFL teams, aquariums and zoos, state and local governments, insurance companies, banks, brokerage houses, major medical systems, trade organizations, and law firms, among others.

The company is especially well known for its analytical capabilities in economic and fiscal impact estimation, economic development, forecasting, legislative analyses, litigation support, environmental economics, and industry outlooks.

In addition to leading Sage, Dr. Basu has emerged as one of the nation's most recognizable economists. He serves as the chief economist to Associated Builders and Contractors, the Maryland Bankers Association, and the International Food Distributors Association and as the chief economic adviser to the Construction Financial Management Association. He chaired the Maryland Economic Development Commission from 2014 to 2021 and currently chairs the Baltimore County Economic Advisory Committee.

Dr. Basu's lectures in economics are delivered to audiences across the U.S. and abroad. He has lectured at Johns Hopkins University and is presently the Distinguished Economist in Residence at Goucher College, where he teaches History of Economic Thought.

Appendix A: Methods & Assumptions

CONSTRUCTION PHASE ECONOMIC IMPACTS

Construction of the powered core and shell is expected to cost \$1.5 billion, or approximately \$1,700 per square foot. This is supplied by the developer and is directly reflective of estimated project costs.

This cost parameter served as the central input to the custom IMPLAN model used to estimate the construction phase impacts. Specifically, the model used multi-regional input-output analysis, a technique that allows direct impacts to be confined to a certain geography (Calvert County) while capturing secondary impacts in a broader area (the remainder of Maryland).

OPERATING PHASE ECONOMIC IMPACTS

Natelli expects the facility to employ approximately 110 people once steady state operations are attained with estimated average annual compensation approaching \$100,000. Economic activity related to operations were determined implicitly within IMPLAN, which has sectoral-specific parameters pertaining to data centers. The model of operating phase economic impacts also uses multi-region input-output analysis to produce geographically granular impact estimates.

CONSTRUCTION-RELATED INCOME TAXES

Compensation presented in the economic impact section of this report encompasses wages and benefits. According to the U.S. Bureau of Labor Statistics, wages account for 67.1 percent of private construction compensation (the only portion of compensation subject to income tax). Accordingly, construction will support approximately \$256 million in taxable income among Maryland residents (including secondary effects). Based on an estimated effective State income tax rate of 4.2 percent for state residents—calculated using data from Maryland’s FY 2024 Comprehensive Annual Financial Report—construction will support \$10.8 million in State income tax collections during development.

Some construction jobs will be held by residents of other states. Moreover, not every job held by a Marylander will be held by a Calvert County resident. Based on inflow/outflow data from the U.S. Census Bureau, 49.2 percent of jobs in Calvert County are filled by Calvert County residents. Using that parameter and an estimated effective local income tax rate of 2.6 percent, Sage estimates that the construction phase will support \$2.9 million in income tax revenue for Calvert County.

CONSTRUCTION-RELATED SALES TAXES

To determine the sales tax impact of the construction phase, this study uses the same custom IMPLAN model used to produce economic impacts. Servers, which represent a significant portion of the overall capital expenditure associated with this development, are exempt from Maryland sales and use taxes. Based on Sage’s modeling, the construction phase will support \$17 million in sales taxes—including those related to secondary purchasing—over the period of development.

PERMITTING AND IMPACT FEES

This analysis does not endeavor to estimate permitting fees to be paid to Calvert County as a result of development, although those fees will likely represent several hundreds of thousands of dollars for the County.

OPERATIONAL INCOME TAXES

Once operational, the data center will support an estimated \$29 million in statewide employee compensation. To determine the income tax paid on that total, the figure first must be adjusted to include only wages, which on average represent 69.0 percent of total compensation. Based on that parameter and an effective state level tax rate of 4.1 percent, the development will support an estimated \$800,000 in State-level income tax revenues each year once steady state operations are achieved.

At full build out the jobs supported in Calvert County will support an estimated \$20 million in total labor income. After adjusting that figure to reflect only wages (69.0%) and to include only the workers who live in Calvert County (49.2%), approximately \$7.6 million in income will be subject to Calvert County's income tax. Based on an effective income tax rate of 2.6 percent, the development will support \$200,000 in income tax revenue for Calvert County each year once full build out is achieved.

REAL PROPERTY TAXES

Calvert County levies a real property tax of \$0.967 per \$100 of assessed value. The State of Maryland levies a real property tax of \$0.112 per \$100 of assessed value. Using projected construction costs related to only the powered core and shell and the projected value of the land upon full build out, the assessed real property valuation of the Natelli development is estimated to be \$1.53 billion (constant 2026 dollars). Based on these parameters, the development will support approximately \$14.8 million in annual real property tax revenues for Calvert County and \$1.7 million for the State.

OPERATIONS-RELATED SALES TAX (EXCLUDING ON ELECTRICITY)

To determine the sales tax revenue supported by steady state operations, this study uses the same custom IMPLAN model used to produce economic impacts. Based on Sage's modeling, the facility's operations will support approximately \$1.3 million in State sales taxes—including those related to secondary purchasing—each year. This figure excludes sales tax collected on the direct purchase of electricity, an estimate of which is discussed below.

FRANCHISE AND SALES TAX ON ELECTRICITY USAGE

Maryland levies a franchise tax applicable to public service companies calculated as 2 percent of gross receipts plus a charge of \$0.00062 per kilowatt-hour delivered. Given the data center's expected power use at steady state, the franchise tax will generate \$3.7 million in annual revenues for the State while the per kilowatt-hour charge will generate an additional \$7.3 million from power utilization.

Appendix B: Detailed Economic Impacts

Exhibit 5: Detailed Construction Phase Economic Impacts

	Jobs	Labor Income (Millions \$2026)	Economic Output (Millions \$2026)
<i>Calvert County</i>			
Direct effects	3,769	\$253.2	\$1,467.2
Indirect effects	1,059	\$56.2	\$240.4
Induced effects	680	\$28.7	\$117.4
Total	5,509	\$338.2	\$1,825.1
<i>Remainder of Maryland</i>			
Indirect effects	309	\$25.7	\$86.0
Induced effects	308	\$18.5	\$57.4
Total	617	\$44.2	\$143.4
<i>Statewide</i>			
Total	6,126	\$382.4	\$1,968.4

Source: Sage, IMPLAN

*Totals may not add due to rounding

Exhibit 6: Secondary Jobs by Sector, Construction Phase

Sector	Indirect	Induced	Total
Other real estate	65	38	102
Full-service restaurants	6	61	67
Limited-service restaurants	2	61	62
Architectural, engineering, and related services	60	1	61
Hospitals	0	51	51
Transit and ground passenger transportation	18	28	46
Offices of physicians	0	44	44
Retail - Food and beverage stores	0	43	43
Retail - Nonstore retailers	1	34	37
Personal care services	0	35	35
Wholesale - Other durable goods merchant wholesalers	27	2	28
Automotive repair and maintenance, except car washes	6	21	28
Retail - General merchandise stores	1	24	24
All other food and drinking places	2	21	24
Landscape and horticultural services	17	6	24
Truck transportation	18	5	23
Retail - Building material and garden equipment and supplies stores	15	6	21
Employment services	12	9	21
Advertising, public relations, and related services	12	9	21
Private households	0	21	21
Retail - Miscellaneous store retailers	0	20	21
Child day care services	0	20	20
Couriers and messengers	12	7	20
Securities and commodity contracts intermediation and brokerage	7	12	20
Other	251	414	665
Total	534	993	1,528

Source: Sage, IMPLAN

*Totals may not add due to rounding

Exhibit 7: Detailed Operational Economic Impacts, Full Build Out

Annual, Ongoing	Jobs	Labor Income (Millions \$2026)	Economic Output (Millions \$2026)
<i>Calvert County</i>			
Direct effects	110	\$10.4	\$76.1
Indirect effects	248	\$10.1	\$38.0
Induced effects	45	\$1.9	\$7.8
Total	403	\$22.4	\$121.9
<i>Remainder of Maryland</i>			
Indirect effects	65	\$4.5	\$10.7
Induced effects	28	\$1.7	\$5.2
Total	93	\$6.2	\$16.0
<i>Statewide</i>			
Total	496	\$28.6	\$137.9

Source: Sage, IMPLAN

*Totals may not add due to rounding

Exhibit 8: Secondary Jobs by Sector, Operating Phase (annual, ongoing)

Sector	Indirect	Induced	Total
Other real estate	31	2	34
Management consulting services	32	0	32
Employment services	30	1	30
Transit and ground passenger transportation	28	2	30
Full-service restaurants	19	4	23
Couriers and messengers	19	1	20
Advertising, public relations, and related services	13	0	13
Computer systems design services	12	0	12
Investigation and security services	9	0	9
Services to buildings	8	1	8
Warehousing and storage	7	0	7
Scenic and sightseeing transportation	7	0	7
Limited-service restaurants	2	4	7
Environmental and other technical consulting services	7	0	7
Legal services	6	0	6
Postal service	6	0	6
All other food and drinking places	3	1	6
Commercial sports except racing	4	1	6
Office administrative services	4	0	4
Accounting, tax preparation, bookkeeping, and payroll services	4	0	4
Automotive repair and maintenance, except car washes	2	1	4
Landscape and horticultural services	3	0	4
Management of companies and enterprises	3	0	4
Hospitals	0	4	4
Other	55	46	101
Total	312	74	386

Source: Sage, IMPLAN

*Totals may not add due to rounding

Appendix C: How to Interpret Economic Impact Estimates

To quantify the economic impacts of Natelli’s development, Sage used IMPLAN economic modeling software and its embodied multipliers to generate estimates of employment, labor income, and output. Below is an abbreviated glossary of terms that may prove helpful in interpreting analytical findings.

EMPLOYMENT

As defined by IMPLAN, a job that lasts twelve months equals one job, two jobs that last six months equal one job, three jobs that last four months equal one job, etc. Based on this, **job-years** represents a useful term. For instance, an endeavor that supports 200 jobs for a six-month period would be considered to support 100 jobs measured in job-years. Note that IMPLAN jobs are not quite the same thing as full-time equivalents (FTEs). Each of IMPLAN’s 536 unique industries has a different conversion rate between jobs and FTEs, although for almost every industry one job is equal to less than one FTE.

OUTPUT (BUSINESS ACTIVITY, ECONOMIC ACTIVITY)

Output equals the value of industry production or service provision. It might be easier to conceptualize this as total business sales or economic activity. For retail industries, it is the gross margin (not gross sales). For manufacturing, output is the quantity of total sales plus/minus the change in inventories. For the service sector, output is directly equal to sales. This is summarized by the following equation:

$$\text{Output} = (\text{Manufacturing sales} \pm \text{change in inventories}) + (\text{service sector sales}) + (\text{gross margin for wholesale and retail trade})$$

LABOR INCOME

Worker compensation is comprised of wages, benefits, and proprietor income (money accruing to owners of businesses).

$$\text{Worker Compensation} = \text{all forms of employee compensation (wages/benefits)} + \text{proprietor income}$$

DIRECT EFFECTS

Direct effects are impacts tightly aligned with the endeavor under consideration. In this instance, direct effects are produced by construction of the data center as well as the facility’s steady state operations.

INDIRECT EFFECTS

Indirect effects stem from business-to-business spending activity within the study area that occurs as a result of the direct effects. These can also be considered broader supply chain effects. This is a form of **secondary** effect.

INDUCED EFFECTS

Induced effects relate to household spending that occurs due to expanded levels of labor/household income. This is also a form of **secondary** effect.