



RUSSELL INSTITUTE WORKING PAPER NO. 3 · THE INCLUSIVE CAPITALISM SERIES

Community Revenue Participation

The instrument and the framework it belongs to

A structure that gives the host community a continuing economic interest in the success of a data center campus, offered as a working example of inclusive capitalism and as a proposal to be tested in a pilot.

Loren R. Douglass

Founder & CEO, Harvey C. Russell Jr. Institute · Member, Maryland Economic Council

loren.douglass@therussellinstitute.org

Prepared for discussion · Figures illustrative · A proposal of the Institute, not a position of the State of Maryland or any county · Version 3.8 · Companion to Working Paper No. 4, Paid in Status

Suggested citation: Douglass, Loren R. Community Revenue Participation: The Instrument and the Framework It Belongs To. Russell Institute Working Paper No. 3, The Inclusive Capitalism Series. Harmonia Media Group, October 2026. therussellinstitute.org · Published by Harmonia Media Group. © 2026 Vanguard Management Strategies LLC. All rights reserved.

The Argument

A foreword by the author. What follows this page is the proposal, stated carefully. This page is what I believe.

I spent forty years inside the institutions that build things: engineering and international business at GE, global markets and investment banking at Merrill Lynch, Goldman Sachs, and AIG. I know what a project looks like from the developer's chair and from the investor's and the lender's. I have also led a 122-year-old nonprofit whose members are contributors to their local communities across the country, and I know what a project looks like from the local side. The data center buildout is the first time in my career that those two views have come apart so completely that neither side can see the other.

Here is what the county sees. A facility arrives with a claim on the land, a claim on the power, and a check. The check is large, it is one-time, and it is negotiated with people the residents did not elect to negotiate it. When Frederick County turned down \$110 million on September 14, it was not being irrational. My reading is that it was refusing to sell something it had begun to understand it should own.

Here is what the developer sees. A project in negotiation, a tenant that is waiting, a lender that is ready, and a permitting process that can stop all three for reasons no one in the room can predict. Developers will tell you, and they told me, that the money was never the problem. The problem is not knowing whether the thing ever gets built, for reasons no one can predict. No check fixes that. A council can take the check and still say no.

I do not think America has a participation problem. I think it has a design problem. Markets do exactly what their institutions tell them to do. The economic-development model that took hold with the plant-location bidding wars of the 1980s had states and counties compete with abatements, accept a one-time benefits package or an impact fee, and treat the community's role as regulating the project and then stepping aside. Nobody decreed it at the time. But that model has run its course, and the site-selection business, the incentive statutes, and the community benefits agreements of today all still run on the assumptions of that earlier era. Then we are surprised when communities stop stepping aside. The remedy is not a bigger check and it is not a moratorium. It is to give the people who live next to the thing a standing interest in the thing succeeding, held in a form no politician can spend and designed to follow the campus to whoever owns it next.

A payment is a transaction. A stake is a relationship. That is the whole bet of this paper, and it is not a partisan one. It is how you would structure the deal if you had to sit in the developer's chair and the resident's chair at the same time, which is the only honest way to sit.

The paper that follows says this more carefully than I have said it here. Where the evidence is in, it says so. Where the numbers are illustrative, it says that, and it shows the arithmetic. Where the hard questions are still open, on lenders, on governance, on who counts as the community, it lists

them rather than pretending they are settled. I asked for that discipline because the proposal deserves to be tested, not just admired. Judge it by one standard: whether one willing county and one willing developer would sign it. I believe they would.

A payment compensates a community for hosting. A stake makes it a partner in what gets built.

The Transaction in Brief

A data center campus pays a small, fixed share of its gross facility revenue, every month, for as long as it operates, to an entity that exists only to hold that right and pass the money to the households and community around it. That is the whole proposal. The rest of this paper explains the pieces and the questions a pilot would have to answer.

Who pays. The project company, the entity that owns the facility and collects rent from the technology tenant. The model default is one percent of gross revenues, priced the way ground rent is priced. The tenant, the lenders, and the developer's equity are not parties to the payment.

Who receives. A Community Revenue Vehicle, a single-purpose company owned by a community trust and administered by a regulated fiduciary. The money never enters the county budget.

What residents get. A contractual right to a share of revenue, not equity in the project. On the illustrative campus in this paper, the default split produces about \$900 a year per household across 10,000 eligible households once the campus is operating, with smaller payments during entitlement and construction if the optional advances are used.

Why a developer might agree. On the illustrative campus, a one percent participation is worth about \$150 million, roughly four and a half percent of the project's net present value. Developers the Institute has spoken with say the core problem is not the size of a community payment but the uncertainty that a project proceeds at all. If a durable resident stake shortens the path to approval by about seven months, or raises the odds of completion by four or five points, it pays for itself. That is a rough sensitivity, not a rule, and it is the hypothesis a pilot would test.

What remains untested. Whether lenders will accept the obligation on workable terms; how the vehicle is owned, taxed, and governed; who counts as the community; whether the household benefit is large enough to matter; and whether any of it changes attitudes or outcomes. Those questions close the paper.

The Problem

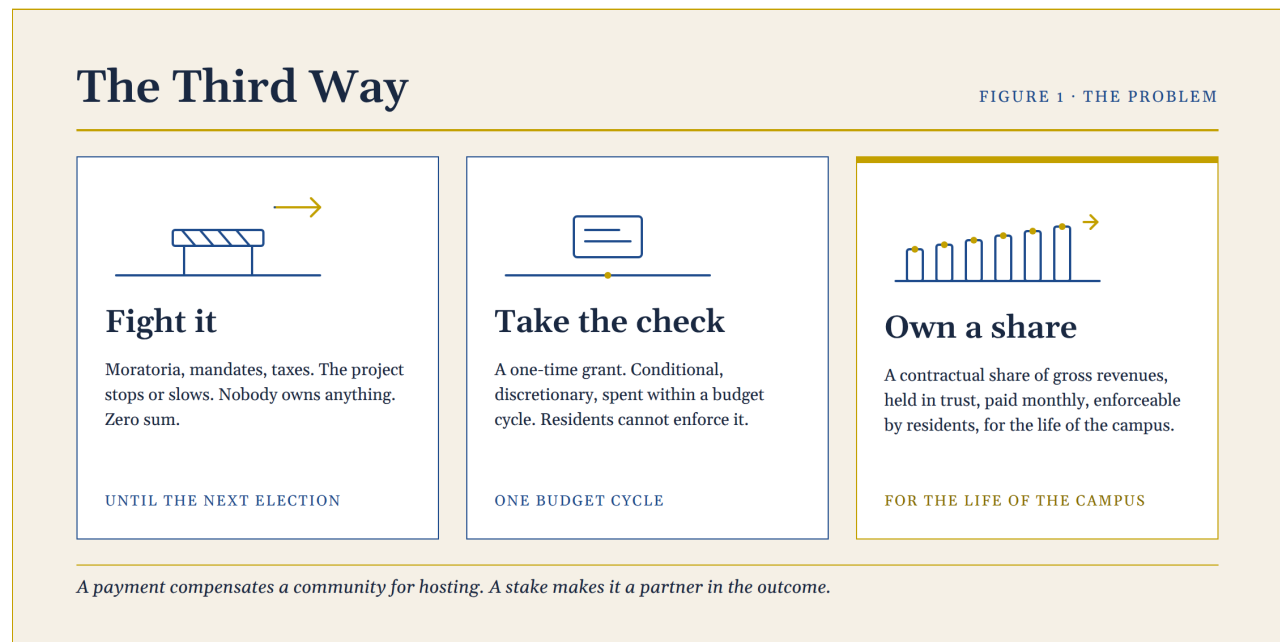


Figure 1. Communities have been given two ways, fight it or take the check. The third is to own a share.

The data center buildout is where the strain in America's social contract is most visible. A single campus is a collision of tax policy, land use, labor, energy, rapid technological change, and unequal wealth. Elsewhere those forces show up one at a time. Here they arrive together, in one county, on one parcel, often on one ballot.

The opposition is real and growing. Moratoria, rate cases, and referenda have spread from Northern Virginia to Oregon, and the pattern in the disputes is consistent: residents see large, well-capitalized facilities arrive with large claims on land and power, and they do not see a durable economic interest of their own in the outcome. Whatever else is in dispute, that absence is the fact this paper addresses.

Communities have been given two ways to respond: fight the project, or take the check. The check is the prevailing package, a one-time grant that is conditional, discretionary, and spent within a budget cycle. Without a continuing interest, the tools that remain are taxes and mandates, and both are zero sum. Maryland is the live example. On September 14, 2026, Frederick County rejected a \$110 million development agreement, described by the County Executive as the largest of its kind in the country, because the benefits came chained to a zoning freeze. Applications are paused until July 2027. The 2027 session writes the rules.

The Russell Institute's proposal is to align the interests of the three parties who matter: the host community, the developer, and the technology tenant. The instrument is the Community Revenue Participation Model. The framework it belongs to is described next; readers who want the machinery can go directly to The Model.

The Framework

The model sits at the bottom of a six-layer framework. Each layer answers one question, and each layer below it is the practical answer to the layer above. Read top down, it runs from a philosophy of institutions to a signed contract.



Figure 2. Six layers, each answering one question, from a philosophy of institutions to a signed contract.

Market Institutionalism is the philosophy. It holds that markets do what their institutions tell them to do. If the rules reward extraction, markets extract. If the rules reward shared prosperity, markets share. The design question is never whether to use markets. It is how to build the institutions around them so that private incentive and public benefit point the same way.

Inclusive Capitalism is the economic doctrine that follows. It asks who participates in the wealth markets create, and answers that participation should be open to anyone who chooses to access the power of the markets on the terms those markets are set up to operate. It is not a redistribution program. It is an access program.

The theory behind this layer is set out in the companion paper, **Working Paper No. 4, Paid in Status**. It names the five factors of ownership: capital, place, market, institutions, and technology. It shows that the American working majority, Black and white alike, was paid in a currency of status that could not be saved, lent, or compounded, and it argues that the remedy is a stake written into a contract and backed by judgment rather than by decree. This paper is where that stake gets written. The two can be read in either order: No. 4 says why a stake is owed, and this paper shows how one is drafted, held, and enforced.

Post-Partisan Pragmatism is the policy approach. Many people try to make this a political discussion. It is not one. The test of any proposal under it is whether it works, whether the parties can live with it, and whether it can be assembled across political differences. The data center model was built to pass that test: no new tax, no mandate on existing business, and a private contract rather than a public program.

The three layers below are the working machinery. The **Model** states what the community gets: a continuing economic interest. The **Vehicle** is the entity that holds and administers it. The **Contract** is the document that makes the developer's obligation real and enforceable. The rest of this paper takes each in turn.

The Model

Community Revenue Participation gives the host community a small, continuing interest in the gross revenues of the campus for as long as the campus operates. A payment compensates a community for hosting. A stake makes it a partner in the outcome. The model default is one percent of gross revenues, paid monthly, priced the way a developer already prices ground rent.

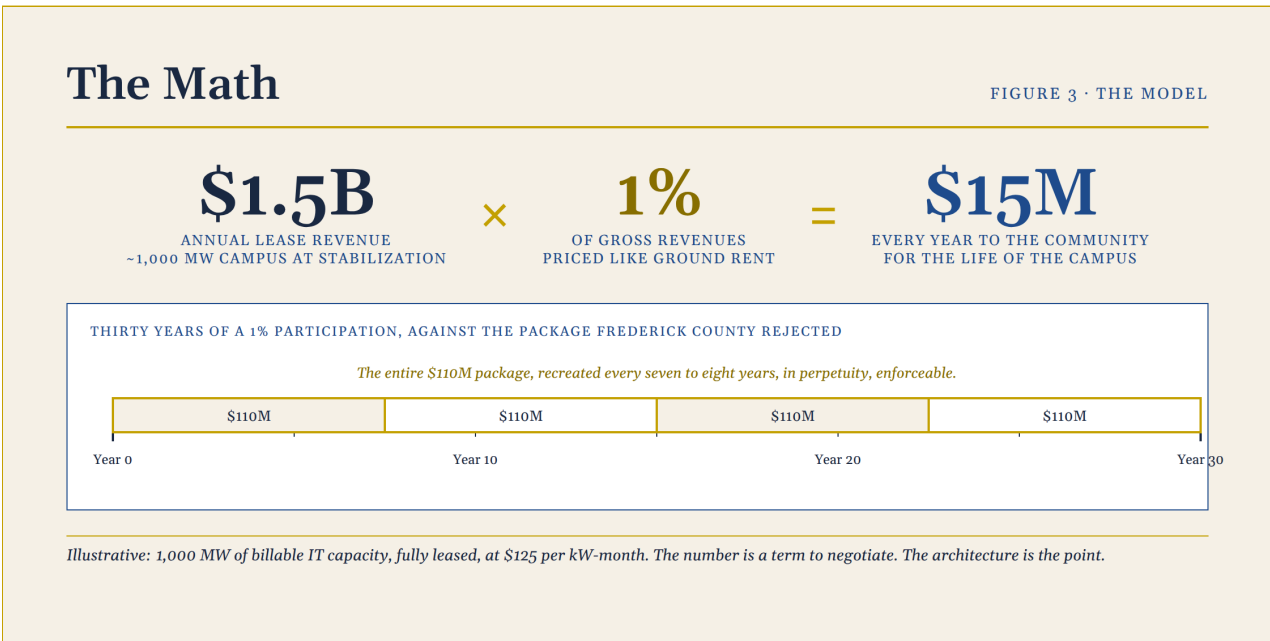


Figure 3. One percent of \$1.5 billion in annual lease revenue is \$15 million a year: the rejected Frederick package, recreated every seven to eight years.

The interest attaches to a defined revenue base at the project company, the entity that owns the facility and collects the lease payments from the technology tenant. It does not touch the tenant's computing business or the developer's equity. The project company keeps 100 percent of its equity and control and a clean capitalization table. What changes is one operating line.

The math, illustrated. A campus of roughly 1,000 megawatts of billable IT capacity, fully leased at stabilization at \$125 per kilowatt-month, produces about \$1.5 billion a year in facility revenue.

This is contracted IT load, not utility capacity, and the illustration assumes the campus is delivered in phases and reaches full lease-up about two years after construction starts, which compresses a phased build into a two-year ramp for the sake of the arithmetic. One percent is \$15 million a year to the community for the life of the campus, rising with the underlying rents to the extent the lease escalates. That is the entire package Frederick County just rejected, recreated every seven to eight years, and enforceable. The figures are illustrative. The number is a term to negotiate. The architecture is the point.

The model answers the two flashpoint issues on their own terms rather than folding them into the stake. Utility rates are answered by a cost-causation tariff: large loads sit in their own rate class and pay their full incremental cost, and no participation deal proceeds without that tariff in place. Water is answered locally, in negotiated terms with the county water authority, written into the deal. The revenue interest is a stake on top of those protections. It is not compensation for rate or water impacts.

The developer's case is the mirror image of the community's. Every figure below is a present value at closing, on monthly cash flows discounted at a rate equivalent to 8 percent a year. A one percent participation is worth about \$150 million: \$1.25 million a month for thirty years, beginning two years after closing. The project itself, on the same assumptions, has a net present value of about \$3.3 billion: \$9 billion of capital in two equal annual draws, and \$100 million a month of operating cash flow for thirty years from the third year. The participation is therefore about four and a half percent of project value. It is not free. But if the whole project shifts by one month before closing, its value falls by one month of discounting, about \$21 million. A month lost after the campus is built, when the capital is sunk and only the revenue moves, costs about \$77 million in closing-date dollars, roughly \$90 million in the dollars of the day it happens. The participation breaks even if it avoids about seven months of pre-closing delay, or if it raises the probability of completion by four or five points. That is a sensitivity, not a rule: it depends on the baseline probability and on whether costs fall only on success or on failure too. The appendix shows the arithmetic; a pilot would replace it with real underwriting.

PARTICIPATION RATE	PRESENT-VALUE COST	BREAKS EVEN IF IT AVOIDS	OR LIFTS COMPLETION ODDS BY
0.25%	\$38M	about 1.8 months of delay	about 1.1 points
0.50%	\$75M	about 3.5 months of delay	about 2.2 points
1.00%	\$150M	about 7 months of delay	about 4.5 points

Assumptions: 1,000 MW of billable IT capacity at \$125 per kW-month; 80 percent operating margin; \$9 billion of capital in two equal annual draws; a 30-year operating term beginning two years after closing; all cash flows monthly, discounted at a monthly rate equivalent to 8 percent a year; every present value stated at closing. Delay is measured as a one-month shift of every remaining cash flow. See the appendix. Every input is adjustable in the companion model.

The Vehicle

The Community Revenue Vehicle (CRV) is the single-purpose company that holds the Revenue Participation Agreement and administers the community's interest. It has one job: receive the payment and pass it to the community under rules fixed in its founding documents. The money never enters the county budget, and no elected official can spend it, pause it, or redirect it.

The CRV is formed by the county when the development agreement is signed, before any money moves, the way a lender requires a special-purpose entity to exist before a real estate closing. It is single purpose, carries no debt, conducts no other business, and is structured to be bankruptcy-remote. Its only asset is the participation right. The county forms it, then steps out of the money.

Three documents govern the structure, and each answers one question. The Revenue Participation Agreement, between the project company and the CRV, creates the payment right. The CRV's operating agreement makes the Community Trust its sole owner and the professional fiduciary its manager. The trust instrument fixes the distribution formula, seats the resident board, and names residents as beneficiaries. Nothing important lives outside those three documents.

A regulated trust company or bank trust department serves as the fiduciary. The county selects it by public request for proposals against criteria fixed in the model term sheet: minimum fiduciary assets under administration, no conflicts with the developer or the county. The fiduciary serves a fixed term, can be removed for cause by a supermajority of the resident board, and its successor is chosen by the same public process. The fiduciary receives, accounts, invests, distributes, and publishes.

The Community Trust is the steward of the proceeds. Its distribution formula is set by the county and then locked in the trust instrument. The model default is 60 percent household dividend, 25 percent community projects, 10 percent reserve, 5 percent administration. Each county sets its own split. The model standard keeps a dividend floor, a majority to households, because the dividend is what gives residents a direct interest in the outcome. The developer negotiates the size of the check, never its division. A small board of resident members on staggered terms plus independent professionals, with no sitting elected officials, sets policy and chooses projects inside a formula it cannot change. The county appoints the first resident trustees; their successors are elected by the beneficiaries on a schedule set in the trust instrument, the board fills vacancies between elections, and the board, not the county, administers any replacement of the fiduciary under the same public criteria. An independent audit is published every year.

The vehicle has to be able to afford itself. At the model split, 5 percent of \$15 million is \$750,000 a year for administration once the campus is operating, and 5 percent of \$6 million in construction payments is \$300,000 a year before that. Whether those sums cover resident verification, payments, legal work, and audit at this scale, and what a smaller campus can support, is a question for a fiduciary administrator and is listed among the pilot's questions.

The Flow

FIGURE 4 · THE VEHICLE

Revenue moves one way: from the tenant, through the project company, into the vehicle, out to residents.



The developer's counterparty is a trust officer, not a county council. The money never touches the county budget.

Figure 4. Revenue moves one way, from the tenant through the project company into the vehicle and out to residents under a locked split.

Every piece of this exists somewhere already: the employee-ownership trustee, the ground-lease entity, the Alaska Permanent Fund dividend, the community foundation. Nothing needs to be invented. It needs to be assembled.

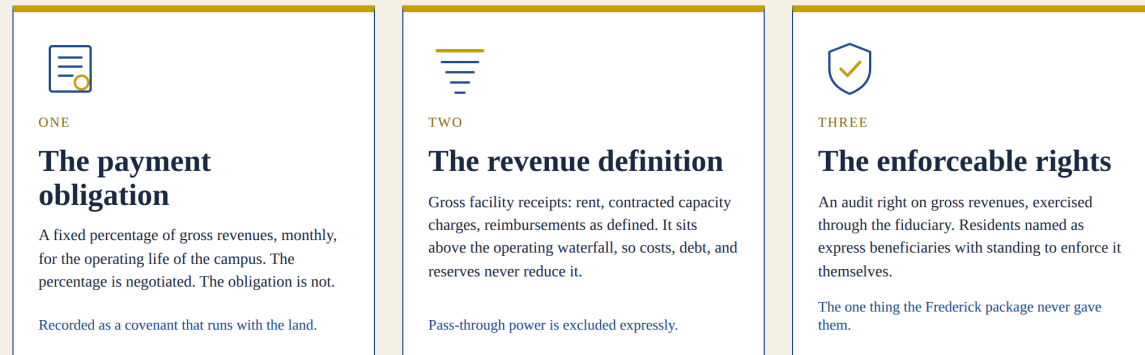
The Contract

The Revenue Participation Agreement (RPA) is the document designed to turn the community's interest from a promise into an enforceable, recorded right. To be precise about what is owned: it is a contractual right to a defined share of a defined revenue base, not equity in the project. "Own a share" is the plain-language version. The agreement does three things: it establishes the payment obligation, it defines the revenue base the payment is measured against, and it grants the rights that make the obligation enforceable. The developer signs it at closing. The CRV holds it.

The Contract

FIGURE 5 · THE REVENUE PARTICIPATION AGREEMENT

One document does three things. Together they turn a promise into a property right.



A private contract, not a public program. No tax, no mandate, no new cost on existing business.

Figure 5. The Revenue Participation Agreement establishes the payment obligation, defines the revenue base, and grants enforceable rights.

The payment obligation. The project company pays a fixed percentage of gross revenues to the CRV, monthly, for the operating life of the campus. The percentage is a negotiated term. The obligation is not. It is recorded as a covenant that runs with the land, so it is intended to survive any sale, refinancing, or change of control. How it survives a foreclosure or a bankruptcy is a matter of negotiated documentation and state law, and it is one of the pilot's questions.

The revenue definition. Gross revenues means the facility receipts of the project company: rent, contracted capacity charges, and reimbursements as defined in the agreement. The definition sits above the operating waterfall, so the community's share is not reduced by operating costs, debt service, reserves, or the owners' distribution agreement. Power reimbursements that pass through the landlord without profit are excluded expressly. The definition must also survive changes in how the campus is held: if the campus is divided among several project companies, each is bound; if it is leased to an affiliate, rent is measured at market; if it is sold to or occupied by the tenant, a deemed rent at appraised market value applies. The obligation leaves the lender's lien intact but reduces cash available for debt service, so its priority relative to the lenders, and the lenders' consent, are terms to settle at closing.

The enforceable rights. The CRV holds an audit right on gross revenues, exercised through the fiduciary. Residents are named as express third-party beneficiaries. Enforcement follows a defined sequence: notice of a shortfall, a cure period, action by the fiduciary, and a right for a defined group of beneficiaries to act if the fiduciary does not within a set time. The developer holds no governance role in the vehicle or the trust: the fiduciary criteria in the term sheet fix the class of institution on the other side of the table.

Security and status. Two terms are borrowed from the community benefits agreements the industry already signs. The developer's obligations for any advances, and for a defined period of

participation, twelve months in the model default, are secured. The model default is a bank letter of credit, which the fiduciary may draw on an uncured default so that household payments continue while enforcement runs; because it is the bank's own obligation, it pays regardless of the project company's condition while it remains outstanding. A parent guarantee is the common alternative and is weaker, since it is only as good as the parent, and the paper treats the two as different terms rather than substitutes. Lancaster's Article 8 accepts either, so security of this kind has precedent in the form. And the agreement disclaims partnership expressly: the community holds a contractual right to a payment, not an ownership interest in the project, and nothing in the arrangement makes the vehicle, the trust, or any resident a partner of the project company.

The agreement is a private contract, not a public program. It asks nothing of the state beyond a model form. Construction grants and trade protections are untouched. What it adds is one operating line, priced like ground rent, in exchange for a resident interest that lasts as long as the campus does.

The Container

The model does not need a new form of agreement. It needs the form the industry already signs, with its financial provisions replaced and the corresponding amendments made elsewhere. The community benefits agreement is that form, and the draft agreement for the Lancaster AI Hub in Pennsylvania, between the City of Lancaster and three owner entities, is a fair specimen: thirteen articles, a twenty-year term, and a structure a developer's counsel could draft from memory. Most of those articles are the matters this paper says should be answered on their own terms: noise limits, air emissions, clean energy with liquidated payments, a water cap, landscaping, lighting, emergency management, e-waste, local hiring, and annual reporting. None of that changes. What changes is Article 8, the money, together with the provisions that give the money its character: enforcement, term, effectiveness, beneficiaries, security, and successor obligations, supported by the vehicle and trust documents described earlier.

Article 8 in the Lancaster form is fixed and gated. Each East campus owner pays \$2.5 million to the county community foundation and \$2.5 million to a city clean-energy fund at the construction financing date, and the same again when operations begin: \$10 million per owner, \$20 million for the two East campus buildings, all of it due by the start of operations within a twenty-year term, secured by a \$20 million letter of credit or corporate guarantee, with a further \$10 million letter of credit behind the clean-energy commitment. These are fixed contractual contributions, not discretionary gifts, and the distinction the paper draws is between fixed contributions and recurring revenue participation. Two things follow. The industry already pays at gates, financing and first operations, so the clock in the next section refines an existing practice rather than inventing one. And the scale is small against the revenue it accompanies. As a hypothetical comparison only, since the agreement states no capacity: a campus of 200 megawatts at this paper's rent assumption would produce roughly \$300 million a year in facility revenue, and one

percent of it is about \$3 million a year, some \$60 million over the same twenty years and rising with rents, against \$20 million fixed.

TERM	ARTICLE 8 AS DRAFTED AT LANCASTER	ARTICLE 8 UNDER THE MODEL
Form of payment	Fixed sums at construction financing and at first operations, per building	One percent of gross facility revenue, monthly, for the operating life; optional advances at signing and during construction
Recipient	County community foundation and a city fund	A single-purpose vehicle owned by a community trust
Who directs the money	Foundation contributions: a six-member committee including two owner representatives, one city official, and a mayoral appointee; city fund: the City, in consultation with the owners	A regulated fiduciary under a formula locked in the trust instrument; no developer or elected officials
Who benefits	Programs and projects selected by the committee	Households first, by a dividend floor, then projects and reserve
Who may enforce	The City only; no third-party beneficiaries (Section 13.3); sole remedy for nonpayment is the letter of credit	The vehicle, and residents as express beneficiaries, with notice, cure, and a backstop
Duration	Twenty years	Operating life of the campus
On sale of the campus	Owner assigns, buyer assumes (Section 9.5.2)	Recorded covenant running with the land
When obligations begin	After every approval is final and unappealable and a construction loan closes (Section 10.2.1), except a \$250,000 planning contribution due within thirty days of signing (Section 10.2.2)	Signing advance at execution; participation from first revenue
Security	\$20 million letter of credit or corporate guarantee	Bank letter of credit for the advances and twelve months of participation (model default); parent guarantee as a weaker alternative
Status of the parties	No partnership (Section 13.2)	No partnership; a contractual payment right, not equity

One row deserves a word. The Lancaster term is twenty years. A campus of this kind can run for thirty or forty, and the model's term is the operating life of the campus because the community's interest should last as long as the thing it is an interest in. That is a difference in kind, not in

degree: a fixed contribution is complete when paid, while a participation exists only for as long as the campus does.

Read down the right-hand column and the work is bounded: the financial provisions replaced, the related provisions amended to match, and two short companion documents for the vehicle and the trust. Everything else in the Lancaster form stays as it is. That is the practical case for the container, and it is a case about speed. A form the parties already know shortens everything that stands between a handshake and a closing: drafting, lender review, counsel review on both sides, and the underwriting of a structure no one has to price as novel. A county and a developer who have signed a community benefits agreement before can adopt the model without learning a new instrument, and a State model term sheet can be written as the replacement provisions, with the rest of the agreement left to local negotiation as it is today. The fastest path to the first pilot is a familiar form with new financial terms.

The Clock

Getting the deal signed is one thing. Moving it through the county is another thing entirely. The core arrangement above pays nothing until the campus operates, which can be five years after signing. Residents are asked to wait, and the body that holds the pen on entitlements has no visible stake in the schedule. The clock is an optional financing feature that addresses the first problem and makes the second one transparent. It is separable from the core: a county can adopt participation without it.

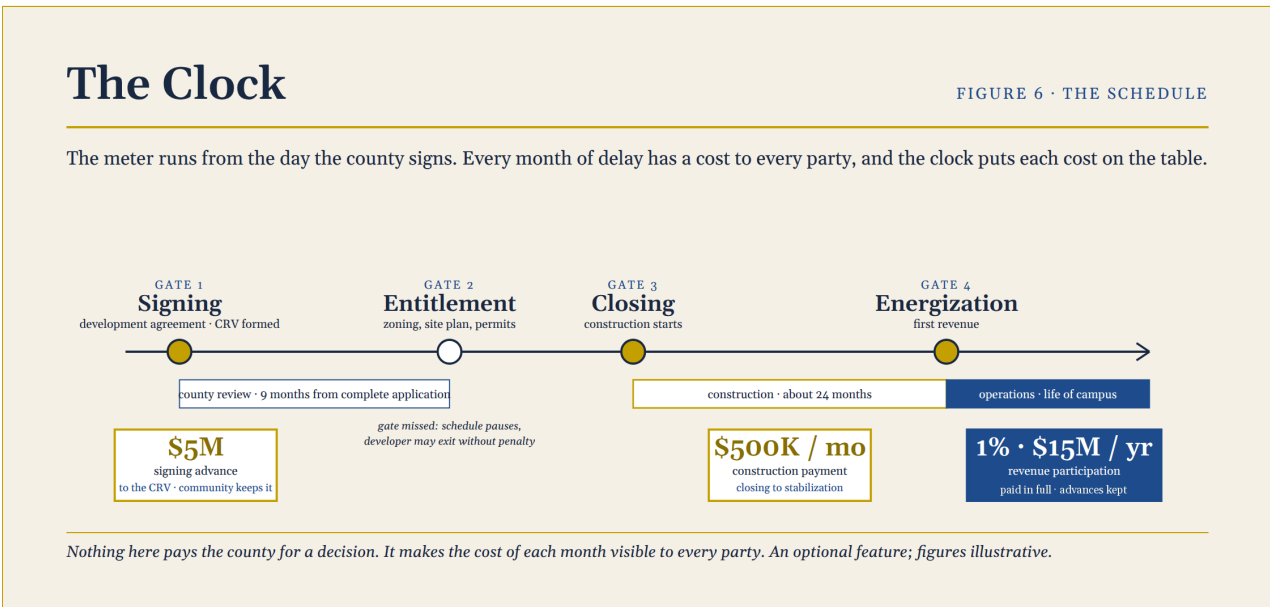


Figure 6. The meter runs from signing: a signing advance, a monthly construction payment, then the participation, with dated gates between them.

The structure borrows from the mineral lease, which solved the same timing problem a century ago with a bonus at signing, a rental while nothing is produced, and a royalty once it is. Here, a

signing advance is paid to the CRV when the development agreement is executed. A fixed construction payment is made every month from closing until first revenue. Then the participation begins, and none of the advances is recovered from it.

Worked example, on the same campus. At signing, the developer pays a \$5 million advance into the CRV, which the county formed for that purpose. It is the community's to keep whether or not the project proceeds. The county then has nine months, from the date it accepts a complete application, to act on zoning, site plan, and permits. When it does, the deal closes and the developer pays \$500,000 a month into the CRV through a build of about twenty-four months, \$12 million in all. The campus is delivered in phases, so the first building earns revenue before the whole campus is leased. To keep the community's check from falling during that ramp, the CRV receives the greater of the construction payment and the participation on actual revenue each month until stabilization, so the check never falls below the \$500,000 floor once it has reached it. At stabilization the participation is \$15 million a year at the illustrative revenue, and the community receives all of it from the first operating month: the \$17 million in advances is never deducted from the participation. Those figures are a simplified scenario; with a phased ramp the payments follow the actual monthly cash flows, and the floor keeps the community's check steady until the whole campus is leased.

The advances are a cost to the developer, not a loan. Paying \$17 million during signing and construction costs about \$16 million in present value at an 8 percent rate, and the \$5 million signing advance is at risk if the project fails. An advance that had to be repaid would be a loan against the community's own future share; one that is kept is a stake from the first day. The amounts are terms: the signing advance can be smaller, or the construction payment lower, but neither is clawed back. What the structure buys is a dividend in year one and a visible monthly cost of delay.

STAGE	POOL AT THE 60 PERCENT SPLIT	PER HOUSEHOLD, 10,000 HOUSEHOLDS
Signing advance, \$5 million	\$3 million	\$300, once
Construction payment, \$500,000 a month	\$300,000 a month	\$30 a month
Advances in total, \$17 million	\$10.2 million, kept	\$1,020 in total
Operations, from first revenue	\$9 million a year	\$900 a year

Before household taxes. The 60 percent split applies to all cash the CRV receives, the advances included. Who counts as a household is a central term: at 100,000 eligible households the full annual benefit is \$90; a boundary drawn around the facility produces very different incentives from a countywide one. The term sheet

must define the geographic boundary, the treatment of renters, residency requirements, what happens when households move, and whether the closest neighbors receive additional consideration.

The gates carry dates, and each date names whose action is due. The entitlement clock starts when the county accepts a complete application and pauses for a developer redesign, a pending state or utility approval, or litigation, so that only county review time counts against it. If the county misses its date, the construction payments do not start and the developer may extend or exit without penalty. If the county hits it, the next payment releases. A delay during construction is different: the monthly payment continues, so the community's immediate loss is the gap between what it receives and what it would have received, \$750,000 a month. Because the advances are not recovered, each added construction payment is also a cost the developer does not get back, so a delay during construction costs both parties, and the true comparison is between the scheduled and the delayed cash flows over the whole term.

The purpose is transparency, not pressure. Substantive review is preserved, and residents remain free to oppose a project. What the clock changes is that the economic consequence of each month, for every party, is on the table where the decision is made.

The developer is not the only party with a cost of delay, though its cost is the one most often calculated. The same month, on the same campus, has a cost to the community, the county, and the State.

WHO	A MONTH OF DELAY	HOW IT IS COUNTED
The developer	about \$21 million before closing; about \$77 million once built, both in closing-date dollars	The remaining cash flows shift one month: one month of discounting on a \$3.3 billion net present value before closing, or on \$12 billion of operating cash flow once the capital is sunk. Higher if the lease window is fixed.
The community	\$500,000 before closing; \$750,000 during construction; \$1.25 million once operating	The construction payment that does not start; the gap between it and the participation; or one month of the \$15 million participation.
The county	about \$4 million of real property tax, deferred	One month of tax on roughly \$4.5 billion of land and buildings at a rate near \$1.11 per \$100. Equipment is the tenant's personal property, taxed or exempted county by county. Deferred, not lost, unless the project is.
The State	about \$800,000, deferred	One month of State real property tax at \$0.112 per \$100 on the same base, plus the electricity franchise tax on roughly 8 billion kilowatt-hours a year. Income taxes on construction payroll and the operating company come on top.

Illustrative, at Maryland rates for a Frederick-sized county. Assessed values typically run below construction cost. The relevant public measure is incremental revenue less incremental public cost, which a pilot would estimate for the actual site.

A Separate Proposal: The Review Track

The clock makes delay visible. It does not, by itself, shorten review. Shortening review is a matter of public law, and it should be proposed and judged separately from the participation model so that a pilot can tell which one produced any benefit.

The proposal is this. A county that adopts the model term sheet may place its projects on a defined review track under state law: a published shot clock for each approval, independent third-party plan review paid by the developer and supervised by county staff so that staffing is less likely to be the bottleneck, and a stated consequence if a clock runs out, whether that is escalation to a state board or, in the strongest form, deemed approval. Cost recovery for the county's own review staff is proper and ordinary. CRV distributions are separate from, and do not replace, property taxes, impact fees, infrastructure contributions, mitigation, or any other public obligation of the project.

Two cautions belong here. First, any link between a payment and a permit condition needs counsel's review. In *Sheetz v. County of El Dorado* (2024), the Supreme Court held that permit conditions imposed by legislation are not exempt from constitutional scrutiny; routing the money outside the county budget does not by itself settle the question. Second, deemed approval changes the character of the proposal from a private agreement to a change in public law. The Institute's recommendation is that the pilot test participation on its own, with the review track adopted, if at all, on its own merits.

The Difference

The comparison that matters is narrow. The prevailing arrangement, of which the rejected Frederick agreement is the largest example and the Lancaster draft the most typical, is a discretionary, one-time community grant negotiated with the county or city and paid into or alongside its budget. The proposal is a recurring, contractual participation held outside the budget. The table contrasts those two; it makes no claim about every community benefits agreement, many of which are enforceable and some of which run for years.

	DISCRETIONARY ONE-TIME GRANT (FREDERICK AND LANCASTER FORM)	RECURRING CONTRACTUAL PARTICIPATION (THIS PROPOSAL)
Form	A negotiated sum, often tied to a zoning action	A fixed share of a defined revenue base, in a recorded covenant
Duration	Paid once or over a short schedule	Operating life of the campus
Who holds it	The county	A single-purpose vehicle owned by a community trust
Who may enforce it	The county, under the agreement's terms	The vehicle, and residents as express beneficiaries
Survives sale of the campus	Depends on the agreement	Intended to; foreclosure and bankruptcy treatment to be negotiated
Developer's counterparty over time	The council, each time terms are revisited	A trust officer, under terms fixed at closing
Effect on project certainty	Untested	Hypothesis: improves it; the pilot's test

The last row is the one that matters to the developer, and it is the paper's central hypothesis rather than its conclusion. Developers the Institute has spoken with say the core problem is not the size of the payment but the uncertainty that a project proceeds at all. A continuing stake gives residents a financial reason to want the campus to succeed. Whether that changes attitudes, and whether changed attitudes change outcomes, is what a pilot would measure. An upfront payment and a recurring participation can be set to the same present value, but they are not the same to a developer: liquidity, financing, and who bears revenue risk all differ, and those differences are terms. What developers say they are least willing to bear is process variability, which is why the review track above is proposed alongside, and separately from, the model.

The model is also different from a community benefits agreement in the ordinary sense. A benefits agreement lists things the developer will build or fund. It is a bill of goods. The Revenue Participation Agreement is a bill of rights: a defined share of a defined revenue base, held by an entity with standing to collect it.

Questions for the Pilot

The arrangement is coherent enough to test and not yet proven. These are the questions a pilot with one county and one developer would have to answer, in the order the drafting table will meet them.

The lenders. On what terms will construction and permanent lenders accept a revenue obligation senior to equity distributions: priority in the waterfall, treatment on sale, foreclosure, and bankruptcy, and any covenant or reserve they require.

The entity. How the CRV and the trust are owned and taxed, who appoints and removes the fiduciary, who controls distributions, and which document governs each function. Whether the payments are deductible to the payer and taxable to households. Whether 5 percent of the participation is a viable operating budget at this scale, and what the minimum viable campus is.

The container. Whether the Revenue Participation Agreement is drafted as an article within a community benefits agreement, as The Container proposes, or as a companion agreement cross-defaulted to it, and how the two interact on term, security, and enforcement.

The structure. How the revenue definition holds if the campus is divided among project companies, leased to an affiliate, or sold to its tenant, so that the community's interest does not depend on the original leasing structure.

The community. Who is eligible: the geographic boundary, renters, residency, household changes, and any additional consideration for the closest neighbors. A definition residents regard as legitimate matters more than the number.

The benefit. Whether \$675 to \$900 a year per household, or the equivalent at the pilot's real numbers, is large enough to matter to the people receiving it, and how it compares with the alternatives on offer.

The effect. Whether participation measurably changes resident attitudes, hearing outcomes, review time, or completion, against a baseline from comparable projects without it.

The law. Counsel's review of the linkage between payments and permit conditions after Sheetz, of the covenant's survival through foreclosure, and of any state authorization the model form requires.

The money. Replacement of every illustrative figure in this paper with the pilot site's own: revenue, ramp, discount rate, assessment, tax rates, and the incremental public cost of the facility.

The Path

The model is a creation of the Harvey C. Russell Jr. Institute for International Business & Strategic Coalitions, offered as a working example of inclusive capitalism. Maryland is the live example and the intended pilot. On September 23, 2026 the Governor signed an executive order setting the State's framework for data centers; the postscript that follows reads the model against it. The State's impact analysis, due September 1, 2026 under the 2025 law, had not been released at this writing, and the 2027 legislative session writes the rules.

The Roles

FIGURE 7 · THE PATH

Six parties, one line each.

SETS THE STANDARD

The State

Writes the model term sheet: the standard form, the fiduciary criteria, the audit rules.

MAKES THE DEAL

The County

Negotiates, forms the vehicle at signing, runs the fiduciary selection, appoints the first resident trustees. Then steps out of the money.

PAYS

The Developer

Signs the RPA, pays monthly, keeps an audit right. No governance role at all.

ADMINISTERS

The Fiduciary

A regulated trust company. Receives, accounts, invests, distributes, publishes.

CHOOSES

The Trust Board

Residents plus independent professionals. Picks projects inside a formula it cannot change.

OWNS

The Residents

Receive the dividend, serve on the board, and can enforce the covenant themselves.

Figure 7. Six parties, one line each.

The path is a model term sheet, piloted with one willing county and one willing developer, before Maryland writes its rules. The State writes the standard form, the fiduciary criteria, and the audit rules. The county negotiates the deal, forms the CRV, runs the fiduciary selection, and appoints the first resident trustees. The developer signs the RPA, pays monthly, and keeps an audit right. Builders belong at the drafting table, and that is the standing ask: a candid read from people who price these projects, and their staff in the room when the term sheet is drafted.

Two names, one instrument. In the political register the framework is The Third Way. In the developer-facing register it is the Community Revenue Participation Model, with the CRV and the RPA as its working parts. The words change with the audience. The architecture does not.

The question for the drafting table: under what conditions does a continuing community interest create more development value than it costs, and would one project test them?

Postscript: The Maryland Order of September 23, 2026

After this paper was first posted, the Governor of Maryland signed Executive Order 01.01.2026.16, Responsible Data Center Development in Maryland. The order applies to every data center of 25 megawatts or more that seeks any State engagement, or is referred to the task force by a State agency, the Public Service Commission, or the host jurisdiction. It sets five principles: ratepayer and grid protection, economic benefit for Marylanders, community voice, environmental

protection, and transparency and accountability. It creates a Data Center Accountability Task Force in the Governor's Office as the single point of contact, a public Dashboard updated monthly, and a Statement of Commitments that each developer is invited to sign, with measurable promises, milestones, and successor obligations, which becomes an enforceable term of any State incentive. And it directs the Department of Planning to publish a guide for counties containing a recommended community investment benchmark per megawatt, a model community investment fund, and model terms for community benefits agreements. The order does not repeal the sales and use tax exemption; the Governor said at signing that he will ask the General Assembly to do so.

Read against the order, the model in this paper satisfies what the order asks of a developer's agreement with a host county, and adds three things. The order calls for a community benefits agreement, written commitments that bind a successor, a financial contribution measured against a State benchmark, and annual public reporting of payments under the agreement. The model does all of that; it was drafted in the same instruments. What it adds is a contribution paid as a share of revenue for the life of the project rather than a lump sum per megawatt, a Community Revenue Vehicle owned by a community trust that holds the right alongside the county, and a dividend to nearby households. Each addition fits a slot the order names and leaves open: the model fund has no stated owner, the benchmark measures contributions against capacity rather than revenue, and no party in the order holds a right on behalf of the residents beside the facility. The one thing the model needs from the State's guide is a sentence allowing a revenue share to be counted against the per-megawatt benchmark at its value.

The order also fixes, for Maryland, a set of terms that any host agreement will now be expected to carry. Some come from the order, some from this paper, and several from both. Together they are the beginning of a standard, and a standard is the thing other states will copy. The table lists them.

TERM	FROM	WHAT IT DOES
Community benefits agreement with the host jurisdiction	Both	The instrument. Signed by the developer and the county; the order treats good-faith negotiation of one as a criterion for State support.
Written, measurable commitments with milestones	Both	Every promise carries a date and a number; the Statement of Commitments to the State and the county agreement carry the same ones.
Successor obligations	Both	Commitments run with the project and bind any buyer, assignee, or lender that takes the asset.
Financial contribution measured against a State benchmark	Order	A recommended amount per megawatt, set by the Department of Planning, that every county can negotiate from.
Revenue participation	Model	One percent of gross rental revenue for the life of the project, the benchmark's counterpart in annuity form.

TERM	FROM	WHAT IT DOES
A community entity that holds the right	Model	The Community Revenue Vehicle, owned by a community trust, with audit and enforcement rights of its own.
Household dividend	Model	Most of the participation paid directly to residents nearest the site, on a published formula.
Ratepayer protection first	Both	The developer pays for its own power and grid upgrades, with guarantees against stranded cost, before any community term is negotiated.
Community point of contact for the life of the project	Order	A named person the community can reach, from application to decommissioning.
Annual public report	Both	Energy, water, backup-generator hours, jobs and wages, payments under the agreement, and progress against each commitment, on a standard form.
Public dashboard, updated monthly	Both	The State's record of every project; the specification below proposes what sits on top of it.
No new non-disclosure agreements by State agencies	Order	Existing agreements are honored but not renewed; what the State publishes is subject only to the Public Information Act's protections.
Decommissioning plan and funding	Order	A funded plan to restore the site when the facility closes.
Remedies and periodic review	Both	Clawbacks in any incentive agreement and a performance review at least every five years are in the order; cure periods are the model's addition.

Appendix: A Dashboard Specification

The order requires a Dashboard and lists what it must contain: the project, its owner and anchor tenant, its power and water use, every State request and its status, the Task Force's determination and reasons, the Statement of Commitments and performance status, annual reports, and a place for public comment. That is the record. A dashboard fulfills the order's accountability purpose only if, above that record, it compares what was promised with what was delivered and names who owes the difference. Project descriptions and forecasts are context; accountability is variance. The specification keeps the headline measures to five, one for each principle in the order, so that a resident, a county executive, and a developer's lender can read the same page in a minute and see the same thing. It should be on the internet, open to the public, and identical for every project in the State.

PRINCIPLE	MEASURE	WHAT IT SHOWS	WHAT IT REVEALS
1. Ratepayer and grid	Public costs covered	Project-attributable power, water, and infrastructure costs incurred; amounts paid by the developer, secured but unpaid, and unsecured.	Whether ratepayers are carrying costs the project agreed to carry, and whether security has become payment.
2. Economic benefit	Community value delivered	Benefits due by the reporting date against benefits delivered: local payroll, apprenticeships, training placements, community payments. Where a Community Revenue Vehicle exists: participation due, collected, distributed to households, unpaid.	Whether the benefits reach the people they were promised to, and keep reaching them after construction.
3. Community voice	Community responsiveness	Share of material concerns acknowledged within the agreed response period and resolved within the agreed resolution period, shown separately; age of the oldest unresolved item; resident confirmation of resolution.	Whether a say produces a response and a remedy.
4. Environment	Operating impacts	Actual electricity demand, water draw, noise, and backup-generator hours against agreed limits; violations and corrective-action status.	Whether the facility runs within the conditions the community accepted.
5. Transparency and accountability	Commitments kept	Material obligations due against delivered, shown separately for developer and county; every overdue item with responsible party, days outstanding, and next action.	Whether both parties do what they agreed to do, and whether the relationship can solve problems.

Each entry follows one reporting unit: commitment, actual result, variance, responsible party, remedy and deadline. "Community engagement: green" tells a resident nothing. "Three material concerns overdue; oldest 47 days; developer response due October 15" tells them something they can act on.

Four rules keep the page short without hiding anything. Show the current position and its trend, because a missed commitment being corrected is different from one that worsens every month. Never average away a material failure; a hundred minor obligations met do not offset one unpaid community distribution or one serious environmental breach. Mark every figure as self-reported, county-verified, or independently verified, and print "not reported" where nothing came in. Keep county performance visible without treating every delay as county failure; an incomplete

developer submission, a staffing delay, and an open environmental question need different explanations.

For the quality of the developer-county relationship, observable conduct beats a satisfaction score: promises kept, decisions made on time, problems resolved, disputes left outstanding. The Community Revenue Vehicle gives the dashboard its most precise line, because a revenue right produces an auditable number: entitled, collected, distributed, unpaid.

Appendix: The Arithmetic

Every figure in the paper follows from the inputs below. They are illustrative and chosen for round numbers, not drawn from any actual project.

INPUT	VALUE	NOTE
Billable IT capacity	1,000 MW	Contracted, fully leased at stabilization
Facility rent	\$125 per kW-month	\$1.5 billion a year at full lease-up
Operating margin	80 percent	\$1.2 billion a year of operating cash flow
Capital cost	\$9 billion	Two equal draws, at closing and one year later
Operating term	30 years	Beginning two years after closing
Discount rate	8 percent a year	Applied as the equivalent monthly rate to monthly cash flows
Valuation date	Closing	Every present value in the paper is stated at closing
Participation	1 percent of gross revenue	\$1.25 million a month from stabilization

Project value. Operating cash flow of \$100 million a month for 360 months, at a monthly rate equivalent to 8 percent a year, has a present value of \$14.0 billion at the start of operations and \$12.0 billion at closing. The present value of the two capital draws is \$8.7 billion. Net present value at closing is about \$3.3 billion. The same cash flows modeled as annual year-end amounts give \$2.9 billion; a single capital draw at closing gives less again. The paper uses the monthly convention throughout so that project value, participation value, and delay cost are computed the same way.

Participation value. \$1.25 million a month for 360 months at a monthly rate equivalent to 8 percent a year is \$175 million at the start of operations, or \$150 million at closing. The annual approximation, \$15 million at each year end, gives \$145 million; the paper uses the monthly figure because the contract pays monthly.

Cost of a month of delay. A one-month shift of every remaining cash flow reduces its present value by the factor $1 - 1.08$ to the power of negative one-twelfth, about 0.64 percent. Applied to the \$3.3 billion net present value before closing, that is about \$21 million. Applied to the \$12.0 billion of operating cash flow once the capital is sunk, it is about \$77 million in closing-date dollars, or about \$90 million in the dollars of the day it occurs two years later. A delay partway through construction lies between those figures and depends on how much has been spent.

Break-even. The participation costs the developer \$150 million. It pays for itself if it avoids about seven months of pre-closing delay (\$150 million divided by \$21 million), or if it raises the probability that the project proceeds by about four and a half points (\$150 million divided by \$3.3 billion). The probability figure is a sensitivity, not a rule: it assumes the payoff is unchanged and that costs fall only on success.

The advances. A \$5 million signing advance plus \$500,000 a month for 24 months has a present value of about \$16 million at signing. None of it is recovered, so it is a cost to the developer on top of the participation; counting both, the break-even is about eight months of pre-closing delay (\$166 million divided by \$21 million), or about five points of probability.

Public revenue. County real property tax at \$1.11 per \$100 on \$4.5 billion of assessed land and buildings is about \$50 million a year, about \$4.2 million a month. State real property tax at \$0.112 per \$100 on the same base is \$5 million a year. The State franchise tax on electricity at 0.062 cents per kilowatt-hour on roughly 7.9 billion kilowatt-hours a year of IT load (1,000 MW at 90 percent utilization; more at the meter once cooling and losses are counted) is \$4.9 million a year. Together, about \$830,000 a month.

Notes and Sources

The Frederick County development agreement and its rejection on September 14, 2026, and the extension of the county's application pause to July 1, 2027, are from the county's public record and contemporaneous local reporting; the Institute's account is its own.

Community Benefits Agreement (draft), Lancaster AI Hub, among LPE 01 Propco LLC, Greenfield Road Owner, LLC, Harrisburg Place Owner, LLC, and the City of Lancaster, Pennsylvania, November 2025, published by the City at [cityoflancasterpa.gov](https://cityoflancasterpa.gov/wp-content/uploads/2025/11/Lancaster-CBA-Draft.pdf) (wp-content/uploads/2025/11/Lancaster-CBA-Draft.pdf). Section references are to that draft; the executed agreement may differ. The 200-megawatt comparison is a hypothetical, not an estimate of that project.

Statements attributed to developers reflect the Institute's conversations with data center developers and operators in September 2026. They are not quotations and are not attributed to any firm.

Market assumptions. The \$125 per kilowatt-month rent is at the low end of published large-block colocation rents, net of power pass-through (JLL, North America Data Center Report, Midyear

2025: an average of \$129 for deployments over 20 megawatts), and is held flat for the term with no escalation or re-leasing risk. The \$9 billion capital cost is a round figure; published greenfield benchmarks run higher (Cushman & Wakefield, 2026 Data Center Development Cost Guide: an average of \$17.6 million per megawatt), which would lower the project's net present value and raise the participation's share of it, so the break-even ratios are sensitive to this input. The 80 percent operating margin is an assumption. Local moratoria and rate cases are tracked by Data Center Watch (datacenterwatch.org); Oregon's 2025 large-load rate legislation is Oregon House Bill 3546.

Frederick County's real property tax rate of \$1.11 per \$100 of assessed value is from the county's adopted fiscal 2026 budget and its published 2025–2026 rate sheet (frederickcountymd.gov). Maryland's State real property tax rate of \$0.112 per \$100 is set annually by the Board of Public Works and published by the State Department of Assessments and Taxation (dat.maryland.gov). The franchise tax on electricity delivered by public service companies, 0.062 cents per kilowatt-hour, is imposed by section 8-402.1 of the Tax-General Article of the Maryland Code, with the rate set in section 8-403; the sales and use tax exemption for qualified data center personal property, enacted 2020, is section 11-239 (all at mgaleg.maryland.gov). Assessment practice, personal property treatment, and county-level exemptions vary and should be confirmed for any actual site.

Sheetz v. County of El Dorado, 601 U.S. 267 (2024), No. 22-1074, opinion at supremecourt.gov, holds that permit conditions imposed by legislation, not only those imposed administratively, are subject to the Nollan and Dolan tests for unconstitutional conditions.

The Alaska Permanent Fund dividend, employee stock ownership trusts, ground-lease entities, and community foundations are cited as existing institutions whose mechanics the model borrows, not as precedents for this use.

Executive Order 01.01.2026.16, Responsible Data Center Development in Maryland: Protecting Ratepayers, Empowering Communities, and Ensuring Transparency and Accountability, signed September 23, 2026, and the Office of the Governor's press release of the same date. Section references in the postscript are to that order.

This paper is a proposal of the Harvey C. Russell Jr. Institute. It has not been adopted or endorsed by the State of Maryland, the Maryland Economic Council, or any county, and the author's membership on the Council is noted for identification only.