



What Data Centers Mean for States

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Federal Actions



Data Center Bills in Congress



- **Guaranteeing Rate Insulation from Data Centers (GRID) Act**
- **Energy Cost Fairness and Reliability Act**
- **Power for the People Act**
- **Ratepayer Protection Act**



Guaranteeing Rate Insulation from Data Centers (GRID) Act

- **Private companies that own, operate or maintain data centers or plan to within the next 5 years would not be able to build, own, operate or maintain a data center unless it derives all of its energy from captive power plant, on-site power generation, or some other source or combination of sources separate from, and not deriving power from, the electric grid.**
 - Beginning 180 days from passage of law
 - 20 megawatts of power demand
- **Existing data centers can comply by obtaining “Zero Rate Effect Certificates”**
 - Certificates state data center will not increase electrical rates paid by ratepayers
 - For 10 years after enactment
- **Secretary of Energy shall prioritize rates paid by residential customers when making Zero Rate Effect Certificates**





Energy Cost Fairness and Reliability Act

- Demand flexibility and “bring your own power” as conditions for connecting to the grid
- Large load facilities have 100% responsibility for necessary grid network upgrades
 - 20 megawatts
- Direct FERC to update transmission policies to allow data centers to dial down demand or put excess energy back into grid
- Allow transmission providers to provide collocated large facilities access to the transmission system on a non-firm, as-available basis.
- Block large interconnection customers from withdrawing generation capacity if such action would result in a loss of capacity to serve other customers.
- Update grid forecasting and interconnection application processes
- Utilize National Laboratories to collect data, analyze energy usage patterns, and submit recommendations to Congress on reducing energy consumption.





Power for the People Act

- **Seeks to lessen the impacts of data centers on consumers and the grid**
 - Data center energy costs
 - Interconnection management
 - Environmental impacts
 - Load forecasting
 - Workforce



Ratepayer Protection Act

- **Upgrade cost recoveries**
- **Financial assurances**
- **Large load definition**
 - Peak demand of 100 megawatts





Regulatory Actions



- **Interconnection of Large Loads to the Interstate Transmission System (FERC)**
- **Begin Actual Construction in the New Source Review (NSR) Preconstruction (EPA)**



Interconnection of Large Loads to the Interstate Transmission System

- **Advance Notice of Proposed Rulemaking**
- **Department of Energy directed FERC to issue ANOPR surrounding the connection of large loads – like data centers – to interstate transmission grids**
- **Would bring under federal jurisdiction a process currently handled by states**
- **NCSL submitted comments to FERC**
 - Such regulatory decisions should only come after close, careful and deliberate consultation with states
 - Should not remove decision-making powers historically left to states
- **Wording raised several questions, including:**
 - Responsibility of mitigating ensuing reliability concerns
 - Cost allocations
 - Hybrid load connections
 - Customer prioritization during system interruptions
- **NCSL passed Data Center Impacts resolution at Summit 2025**



Begin Actual Construction in the New Source Review Preconstruction



- **Would allow large facilities to start construction before obtaining certain air permits**
 - New Source Review (NSR) certifies new facilities and major upgrades to existing facilities won't make air quality worse than current levels
- **Distinguish between new sources of emissions and building non-emitting structures**
- **Non-emitting structures could start construction before NSR permits issued**
- **Comment period closes June 29**



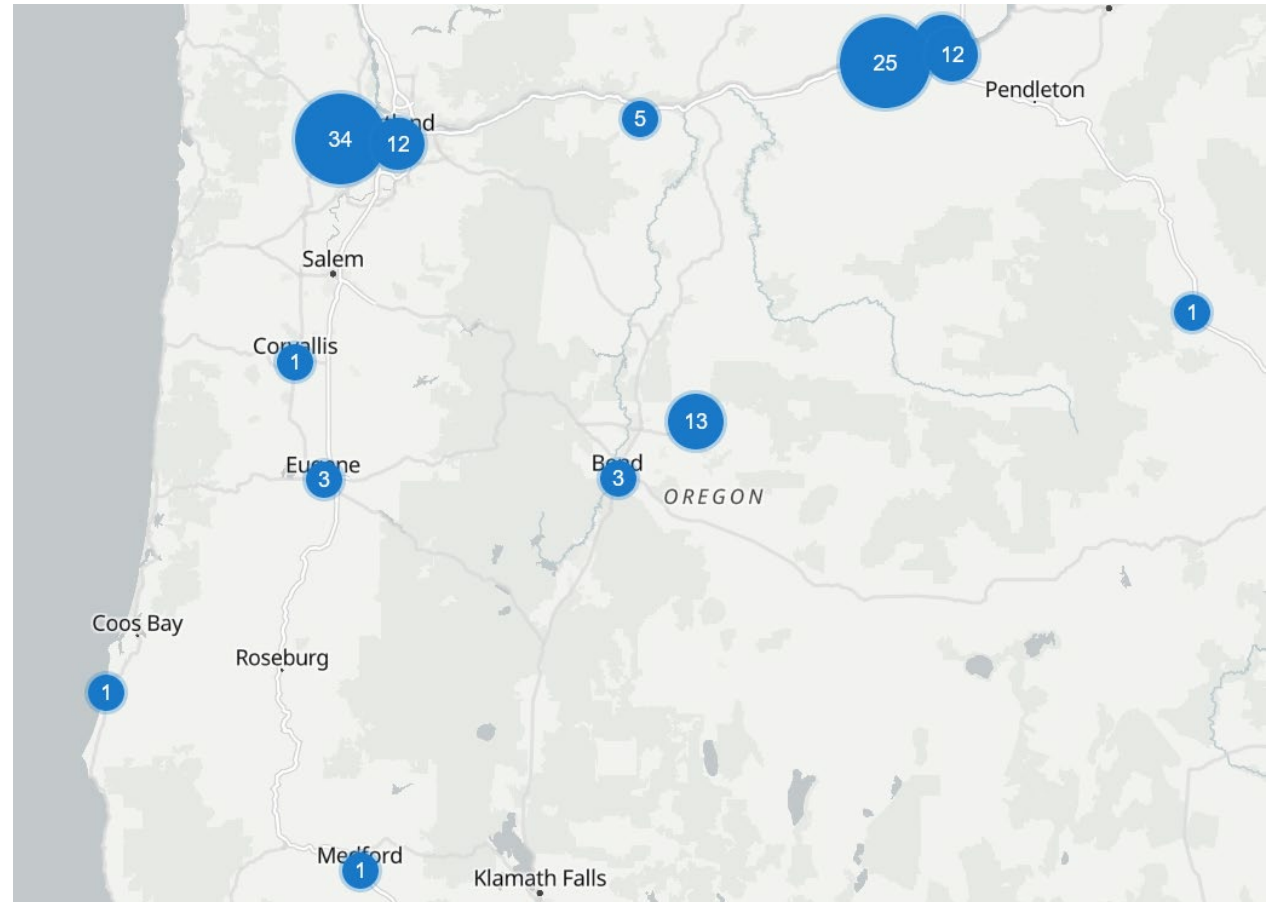
State Impacts



How Many Data Centers are in Oregon?

Oregon has 125 data centers operating in 13 markets

- Hillsboro: 34
- Boardman: 25
- Umatilla: 14
- Prineville: 13
- Hermiston: 12
- Portland: 12



Source: [Data Center Map](#)

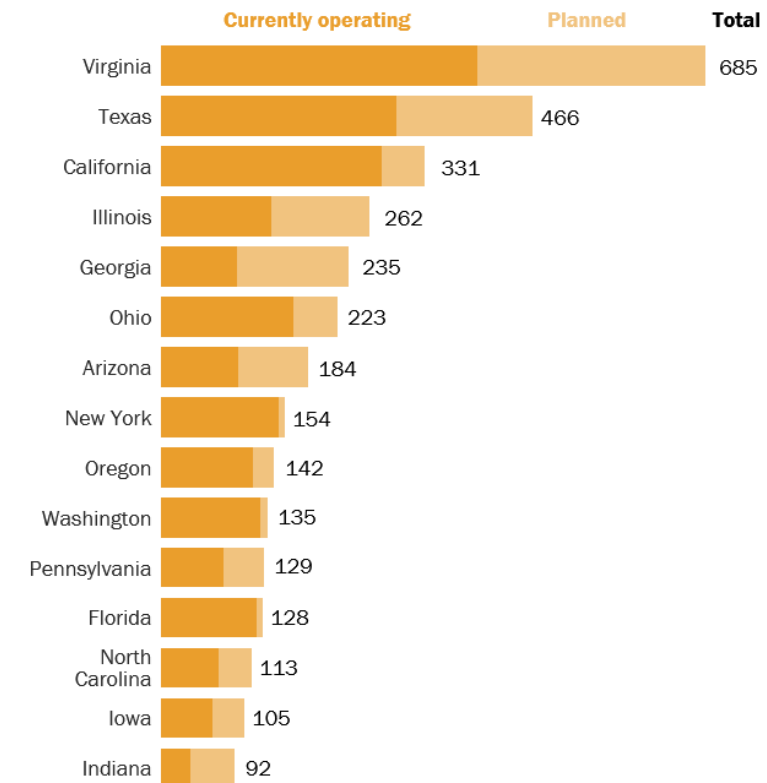


How Many More are Planned?

- **Approximately 17 more are planned**
 - Under construction or “land banked”
- **When currently planned projects are completed, there will be 142 data centers in Oregon**
- **Oregon has the 9th most data centers operating or planned in the country**
- **Most coming to rural areas**

Virginia, Texas and Georgia lead the country in planned data centers

Number of data centers in each state, by operating status



Source: [Pew Research Center](#)



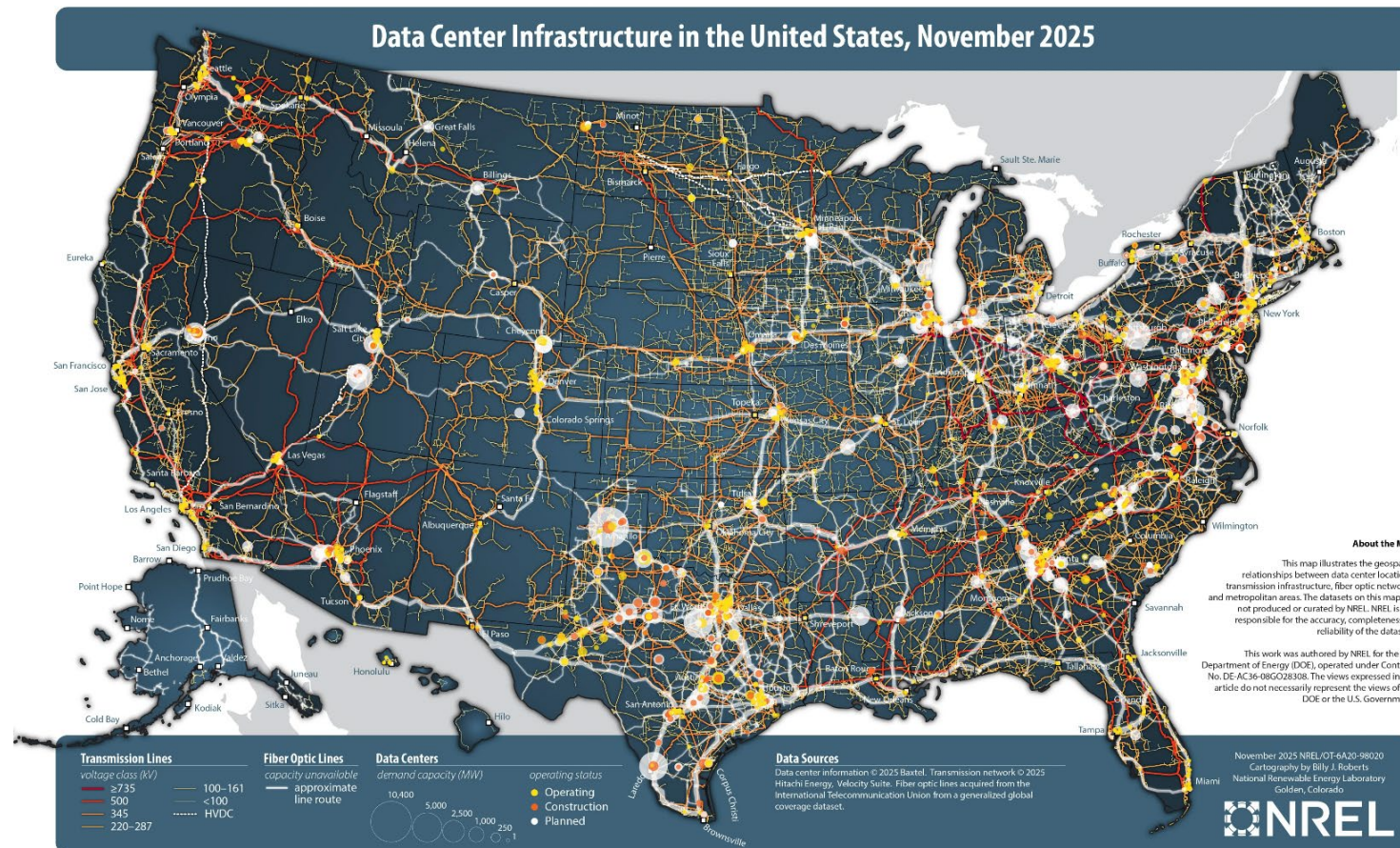
Data Center Energy Usage

State Policy Trends



Data Centers and Energy Demand

Data Centers could make up over 9% of national electricity consumption by 2030

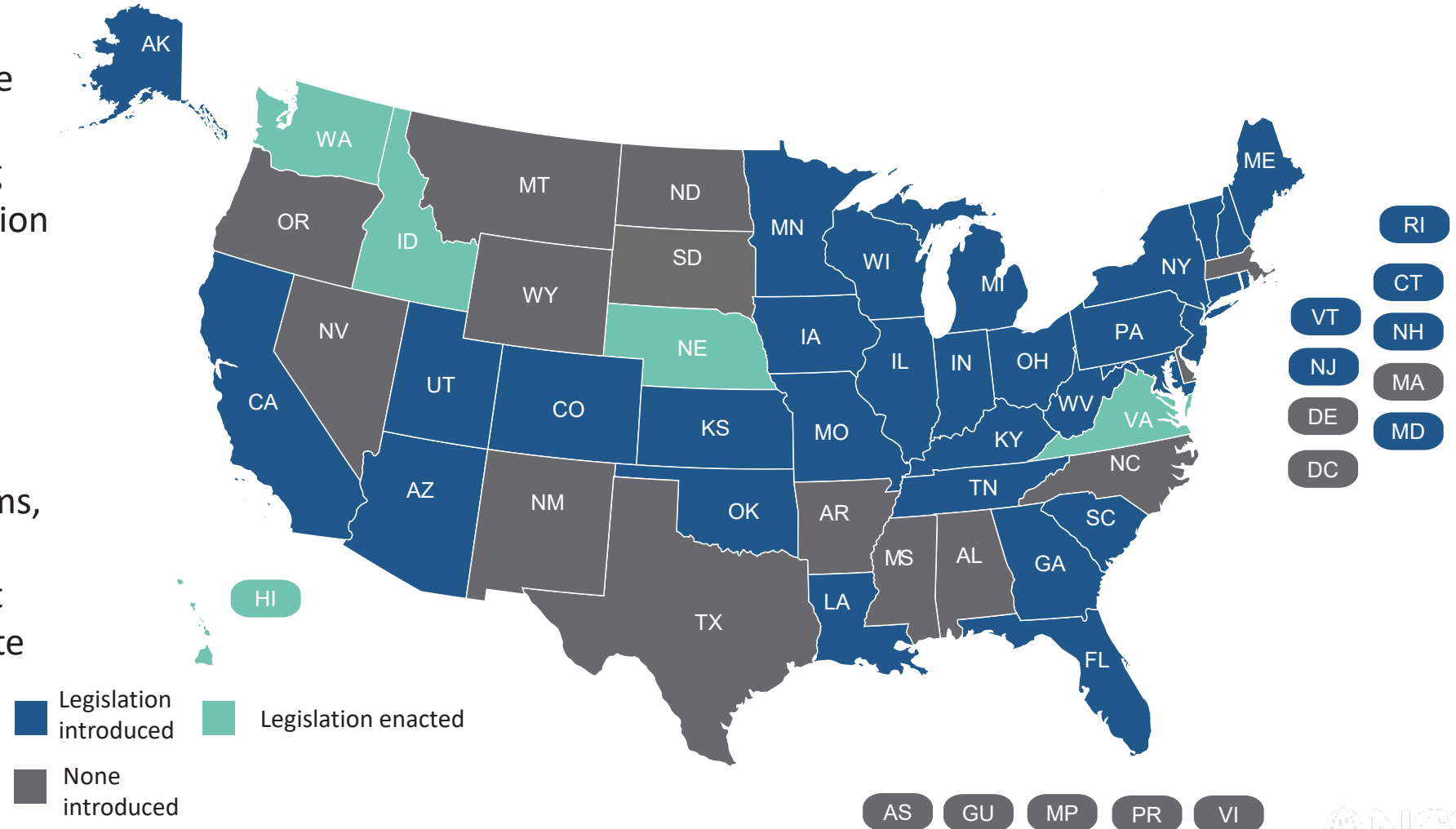


Source: [National Lab of the Rockies](#)

States are Acting

State Legislation Concerning the Energy Usage of Data Centers in 2026

- So far in 2026, states have considered more than 150 pieces of legislation addressing the energy consumption of data centers
- State strategies to address consumption include demand management programs, energy reporting requirements, impact studies, and utility rate regulation



Tariffs and Contracts for Data Centers



- The expansion of data centers requires significant investments in the grid to support the increase in energy demand.
- Many states are considering specific tariffs or rate schedules for large loads like data centers to prevent costs associated with their interconnection from shifting to unrelated customers.
- State definitions of large loads range from 20 MW to 100 MW.
- Key Enacted Legislation
 - Maryland SB 937 (2025)
 - Oregon HB 3456 (2025)
 - Minnesota HF 16 (2025)
 - Utah SB 132 (2025)
 - Idaho HB 911 (2026)

Demand Side Management



- **States have considered various measures to manage the energy consumption of data centers.**
- **Texas SB 6 (Enacted, 2025)** – set new interconnection rules for large loads and requires large loads to participate in a mandatory demand side management program.
- **Virginia SB 371 (Enacted, 2026)** – requires utilities to establish voluntary demand flexibility programs for high energy demand customers.
- **West Virginia HB 2014 (Enacted, 2025)** – established the High Impact Data Center Program and the Microgrid Development Program.
- **Kansas HB 2664 (Introduced, 2026)** – would establish a framework for private energy campuses to serve the needs of large loads like data centers.
- **Colorado HB 1030 (Introduced, 2026)** – would allow a 100% state sales and use tax exemption on qualified purchases for data center operators that commit to obtaining certification under one of several energy efficiency standards.

Energy Usage Reporting



- Starting in 2025, states began to introduce legislation requiring data center operators to submit regular reports on their energy and water consumption.
- Report requirements may include energy and water consumption, power usage effectiveness, energy sources, and energy efficiency and water conservation measures implemented
- Reporting requirements may help states forecast future load trends from data centers or identify potential net peak demands.
- **Legislative Examples**
 - New Jersey SB 4293 (Vetoed, 2025)
 - Nebraska LB 1010 (Enacted, 2026)
 - Oklahoma HB 3394 (Introduced, 2026)
 - California AB 1577 (Introduced, 2026)
 - Utah HB 585 (Introduced, 2026)

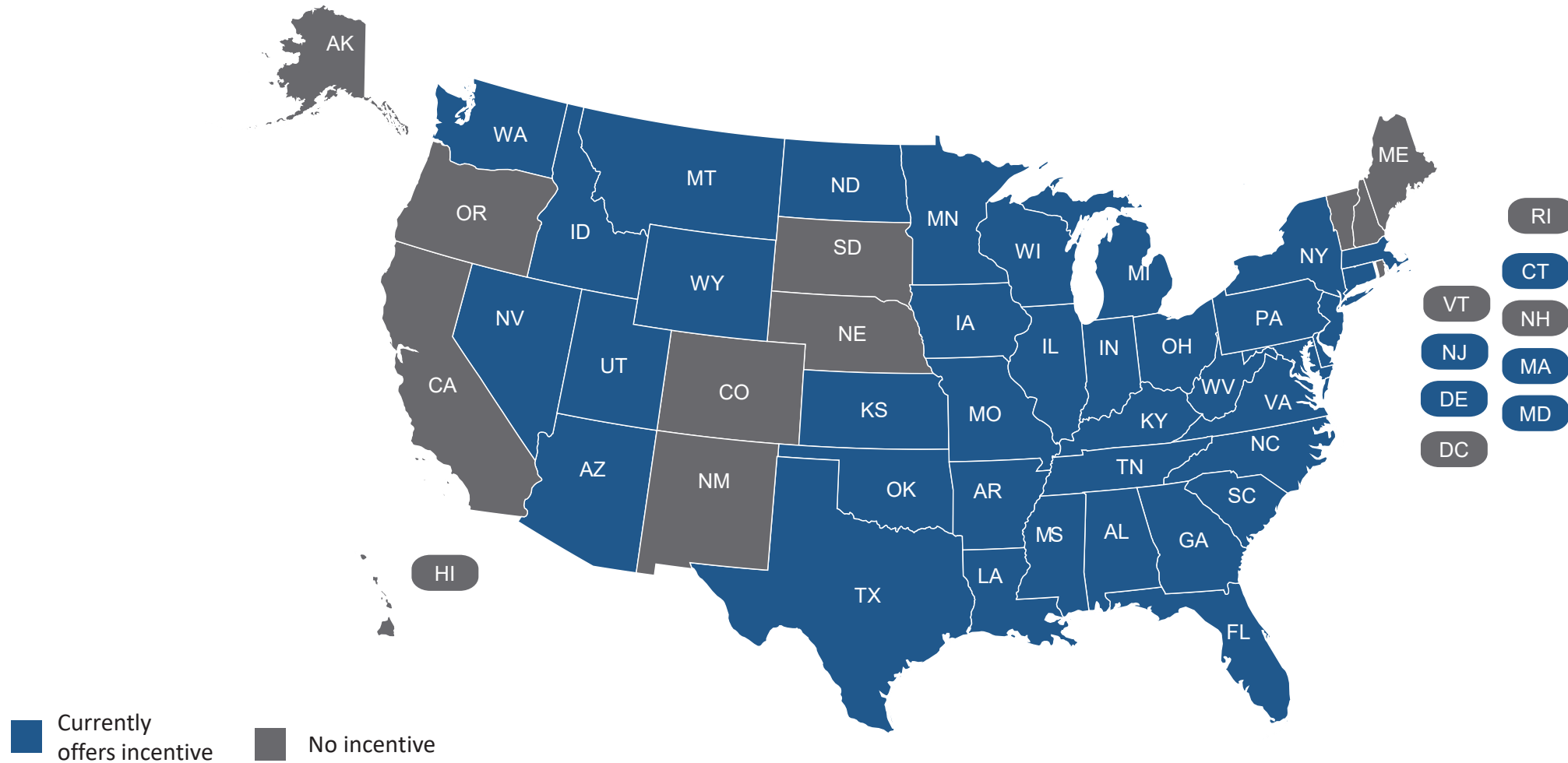


Data Center Incentives

A quick introduction

38 States Offer Data Center Tax Incentives

Massachusetts and Kansas both adopted new incentives in 2025



Source: NCSL Research

Why States Offer Incentives

And emerging policy considerations

Possible Data Center Benefits

Employment: Data centers create some jobs—up to 1,500 during construction, and approx. 10-20 permanent positions.

Capital: Data centers are very expensive to build; some of those benefits flow to local economies (e.g., construction firms).

Property tax: Less discussed, but data centers can create substantial local property tax revenue.

Emerging Considerations

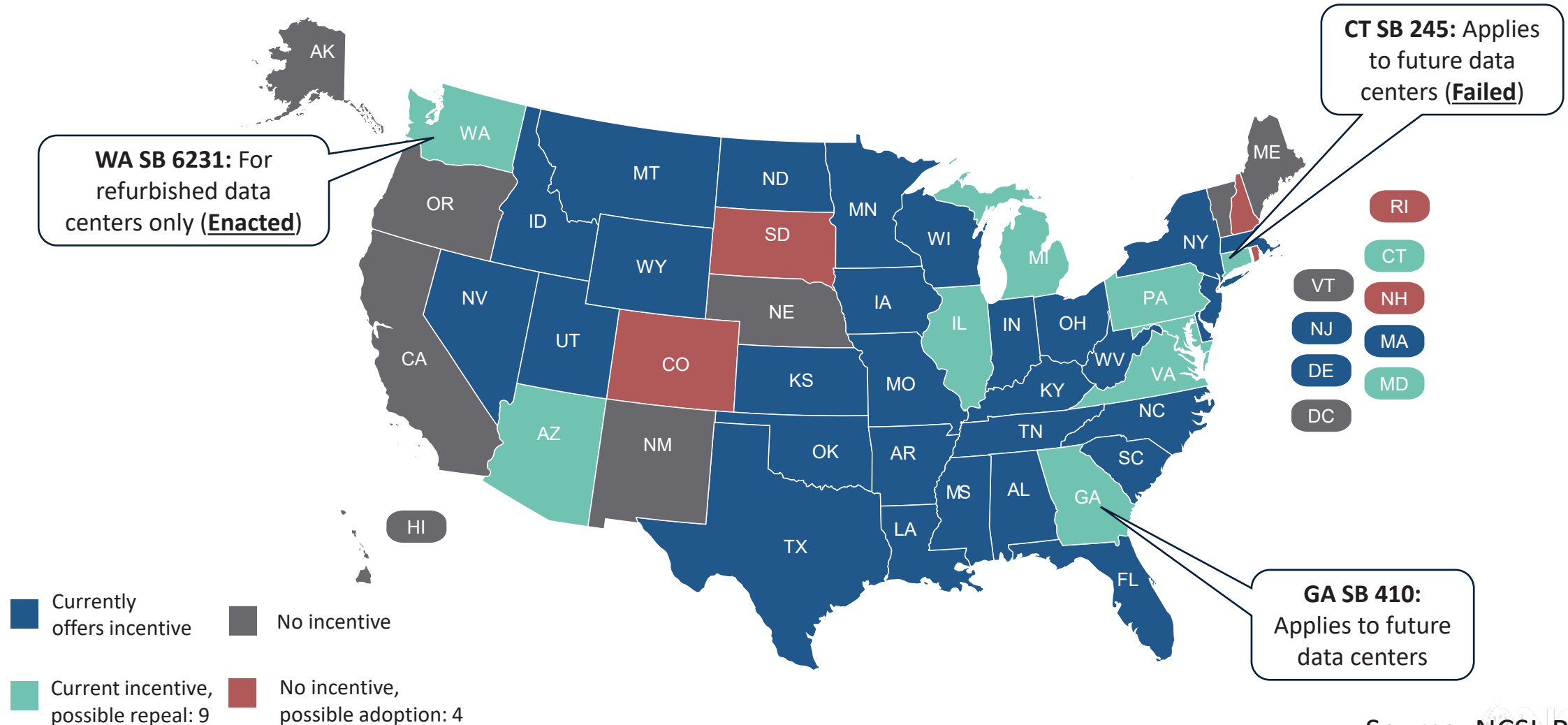
Energy use: Ongoing data center operations have substantial energy demands.

Environmental considerations: Data centers may have land use and significant water demands.

Incentive cost: Data centers use available incentives, and in some states the cost exceeds \$1 billion annually.

State Incentives for Data Centers: 2026 Actions

States currently offering dedicated data center incentives, and introduced legislative changes



Source: NCSL Research

How much do data center incentives cost?

Virginia may forego \$1.6 billion this year on data center tax incentives (Virginia also has, by far, the most data centers)

In nearly every state with incentives, cost and uptake has grown significantly faster than expected

- Pennsylvania: total cost revised up to \$2.5 billion by 2030
- Georgia: foregone revenue up from \$18 million to \$250 million since 2018

As states face flattening revenue, reducing tax expenditures could prove attractive

\$100 million

Approximate annual cost of data center incentives to states

90%

Percent of data centers that utilize available tax expenditures

\$0.30-\$0.52

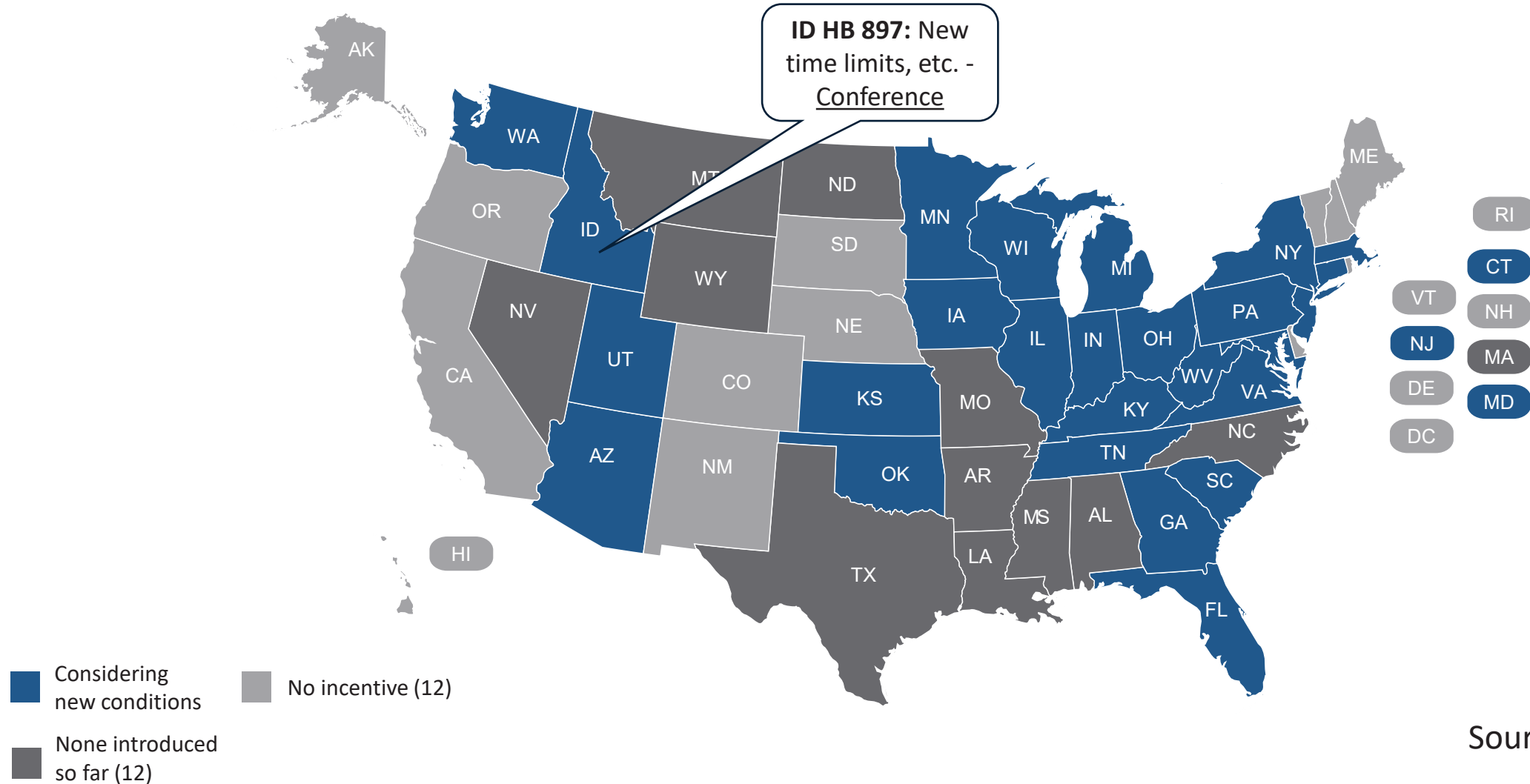
Range of estimated fiscal ROI per dollar spent on incentives



Incentives as a “Carrot”

Can incentives change data
center activities?

States Considering Significant New Data Center Requirements



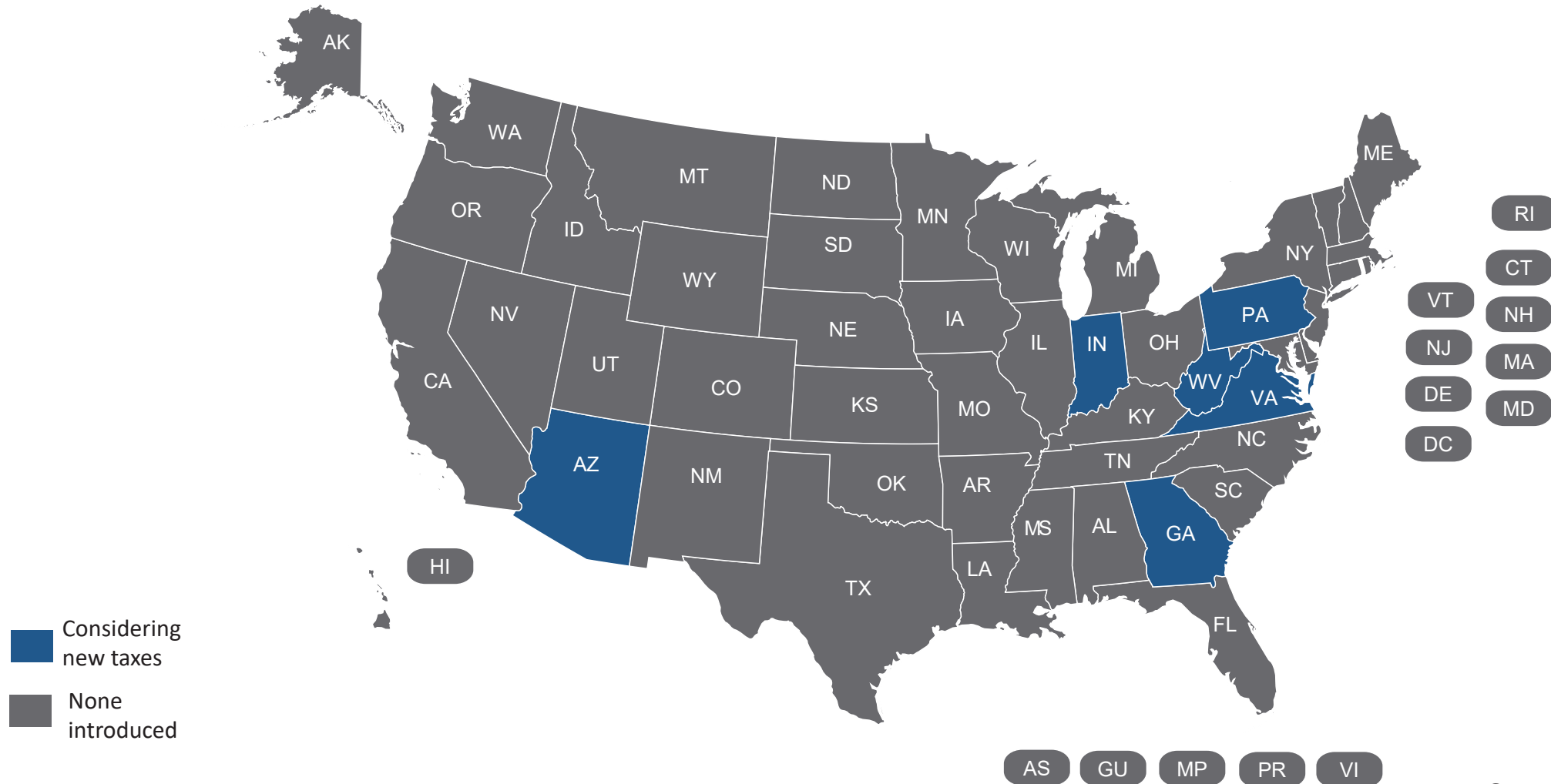


New Revenue Opportunities

For states and localities

States Considering New Taxes on Data Center

As revenues flatten, some states consider new measures to raise revenue from data centers



Source: NCSL Research

Data Center Taxation

States are considering measures to bring revenue from data centers to local communities

Property Tax

West Virginia SB 652: Modify property tax allocation to ensure most of the increment created by data centers is awarded to the data center's house county.



Pennsylvania HB 2153: Create data center property tax increments for school districts to expand homestead exemptions.

Virginia HB 1132: Municipalities with at least 20 data centers would be required to create special funds to reimburse residents for renewable energy and vehicle taxes using set-aside data center property tax revenue.

Sales and Use Tax

Arizona HB 2702: Redirect data center sales tax revenue to fund solar projects in the state.

Indiana HB 1333: Requires data centers to pay 1% of the amount of taxes forgone each year to their host municipalities, a type of PILOT. (Passed State House)

"LSA conducted a survey of all 92 counties and found that no counties have approved the data center exemption as of May 2024." (OFMA, 10/24)

Emerging Strategies

Virginia HB 641: Levy a \$3 per square foot tax (over 25,000 sq ft) on data centers to fund conservation and state parks.

Minnesota (2025): Levies a new, special assessment on data centers that consume significant electricity.

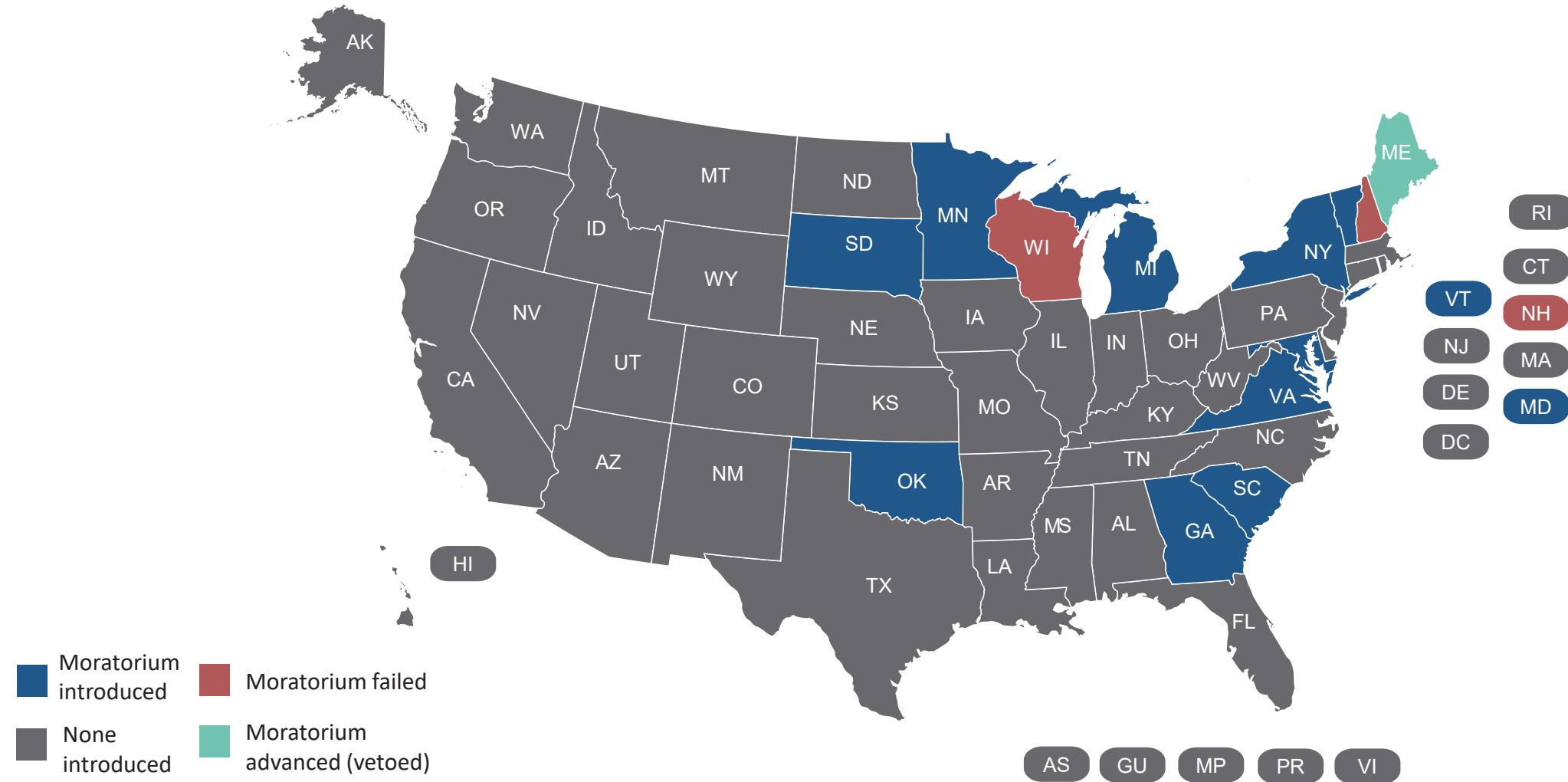


Data Center Moratoriums

New, fast-moving topic

Legislative Action on Data Center Moratoriums

Maine's moratorium passed the legislature but was vetoed by the governor



Source: NCSL research

State Data Center Moratorium Legislation



Georgia HB 1059: No local permits until Dec. 2028.



Minnesota HB 4888: No permits until study, at least until July 2027.



South Dakota SB 232: One year ban on expanded/new data centers.



Maine LD 307: No new data centers >20MW until Nov. 2027.



New Hampshire HB 1265: No new facilities for one year.



Vermont S 205: Moratorium until 2030 and impact study.



Maryland HB 120: No new permits until local power available.



New York AB 10141: No new facilities until study completed.



Virginia HB 1515: No local permits until July 2028 or no more interconnection backlog.



Michigan HB 5594: No new permits until April 2027.



Oklahoma SB 1488: No new construction until Nov. 2029.



Wisconsin SB 1061: No operations until 14 criteria satisfied.



South Carolina H 5526: No local permits until state “oversight.”

How Would Proposed Data Center Moratoriums Work?

**1-4
years**

Most proposed moratoriums (10/13) would halt new data centers for 1 to 4 years.

**11
states**

States are considering impact studies, working on studies now, or recently completed studies.

**20
MW**

Energy thresholds are increasingly used to define data centers, as in Maine.

Why Are States Considering Moratoriums?

- **Energy use:** Ongoing data center operations have substantial energy demands.
 - Data center energy use is the subject of several studies, and there is no consensus on the impact on utility prices.
 - Proposed moratoriums in MD and VA are contingent on electricity availability.
- **Water use:** Depends on the type of data center, often drives restrictions in western states
- **Local property concerns:** Noise, pollution, land values.
 - Separate from moratoriums, legislation in IL and KS would protect property rights for data centers' neighbors.

Possible Data Center Benefits

- **Employment:** Up to 1,500 during construction, and approx. 10-20 permanent positions.
- **Capital:** Data centers are very expensive to build; some benefits flow to local economies.
- **Property tax:** Data centers can create substantial local property tax revenue.



Thank you!

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