What to Ask When a Data Center Wants to Come to Town

GOOD JOBS FIRST

A guide for public public officials and community members on the most important questions to ask, long before approval

Will this project be built as-of-right or will it ask for zoning variations?

If a data center is built as-of-right, it means that the land is already zoned for the project and there is no requirement for special approval by local authorities. If it requires a zoning variation, local officials have much more authority to ask for meaningful community contributions and mitigation.

How much air pollution will the standby power generators for this project generate? How often will the back-up generators be run for testing?

Is the project using diesel or natural gas? Are there any mitigation commitments?

How much noise and light pollution will it create?

Data centers emit constant humming noise and more standby generators are tested. Data centers are often illuminated all night for security reasons.

Does the site have a better use?

In urban areas, land is limited and instead could be used for housing or projects that create a significant number of jobs.

How big will this project be and how far will it be located from residents?

Data centers, a few-story windowless warehouses, can be the size of several football fields, if not bigger. In some communities they are located near homes, historical sites, or cemeteries.

Will new power lines have to be constructed for this project? Where will they go in our community?

Data centers always come with a power sub-station and transmission lines.

Are there any Non-Disclosure Agreements in place? If yes, who signed those NDAs?

NDAs, pushed by tech giants, are legally binding agreements signed by public officials that prohibit them from disclosing any information about a project until it is announced, including financial incentives or power or water use. There's a strong case to be made against ever using them but if they are, the public should still have at least 60 days to review a proposed agreement.

Which company is behind this project? Why aren't we told the company name?

Data center companies often hide behind project code names, LLCs, or developer names. A community should know the ultimate project owner or user.

Is the company asking for local incentives? Why would we give them any?

Data centers ask for property tax abatements even though they usually receive huge subsidies through state sales and use tax exemptions. From a site location perspective, companies are more concerned with energy costs and availability of land than subsidies. A big question for leaders is: Why give some of the biggest, most profitable companies in the world tax breaks?

Are we asking for a community benefit agreement?

Community benefit agreements are legally binding contracts between companies and communities that specify certain deliverables that a company must provide to the community. These should be substantial and go beyond a token donation.

How much tax revenue will our community lose because of the state-granted sales and use tax exemptions for data centers that also abate the local share of the sales tax?

More than 30 states have data center sales and use tax exemptions under which companies do not pay any sales tax while buying equipment or power. Those programs abate both the state and *local* portions of sales tax.

How many permanent jobs will this project create and how many local workers will be hired?

Data centers create very few permanent jobs. Often, the fine print in development agreements require fewer jobs than are officially announced. To maximize benefits, jobs should go to local residents first.

Will this project be built with local labor or use state-certified apprenticeship programs during the construction phase? For those jobs created during the short-term construction phase, if there are not enough skilled local workers, an apprenticeship program would allow local workers to learn skills on the job.

How will the community be involved in the process? Will the company meet with residents?

Too often community members learn that a data center is coming to a community after the deal has been secretly negotiated.

How much water will this project use? Do we have enough water supply?

Data centers use water for cooling. Hyperscale projects can consume hundreds of thousands of gallons of water per day, which can be a significant issue for places prone to drought. Insist on the details, including who will pay for any upgrades needed to infrastructure.

What safeguards do we have in place to ensure that residents living near data centers do not have their water supplies spoiled?

There have been reports that data centers impact water quality and availability for nearby residents who use or own wells.

Will the data center use any renewable energy?

Data centers use massive amounts of electrical power to operate and cool the servers. Most of that energy comes from burning fossil fuels, undermining public goals for carbon reduction.

What are we missing? Feel free to reach out to kasia@goodjobsfirst.org.