LOCAL PROGRESS IMPACT LAB

NO BUILDOUT FOR BILLIONAIRES

DEMYSTIFYING THE REAL COSTS OF DATA CENTERS

The world's largest tech corporations — Microsoft, Google, Amazon, Meta, and others – are racing to embed artificial intelligence (AI) into every aspect of how we live and work, driven not by social benefit but by profit. To cement this control, they are spending billions to build "hyperscale" data centers with thousands of servers, often sprawling over a million square feet.

This buildout is not inevitable. It reflects a specific corporate strategy: bullying localities into accepting scale at all costs and manipulating democratic processes to prioritize speed over accountability. And the costs of this strategy are devastating. Data centers devour resources that our communities rely on to survive: straining water and energy supply, spiking residents' utility bills, generating suffocating pollution, and draining public budgets through massive tax breaks. Promised economic benefits rarely materialize. Instead, localities are left to manage the consequences while corporations pocket the profits.

UNDERSTANDING DATA CENTER IMPACTS

Data centers are raising utility costs and destabilizing our power grids.

- By 2028, data centers are expected to consume 12% of U.S. electricity, triple today's share and more than what's needed to power 26 million households.
- This extraordinary electricity use strains local grids, increases outage risks, and causes energy shortfalls nationwide. In July 2024, Virginia narrowly avoided blackouts when 60 data centers dropped off the grid at once to prioritize their own operations during an equipment failure.
- Data center buildouts are driving up energy bills for regular ratepayers. In 2024, customers in just seven of PJM's thirteen states, the largest energy market in the U.S, paid $4.4 billion for data center transmission costs. Across all thirteen states, customer rates are projected to rise 30%-60% by 2030, in a "massive wealth transfer" from consumers to the industry.
- The wealthiest companies in the world are offloading costs onto ratepayers – not just through higher utility bills, but because supplying data centers with energy requires additional infrastructure like substations and distribution lines that, without stronger regulation, communities end up funding.

Data centers threaten our natural resources and public health.

- Data center expansion is reversing climate progress. States are keeping coal plants open, building new gas plants, and reopening nuclear facilities solely for data center use. Carbon emissions from data centers are expected to triple by 2035.
- A single data center can consume as much water as a city of 50,000 people. Roughly 40% are built in the most water-stressed regions of the country. In Texas, data centers are projected to use 49 billion gallons in 2025 – despite drought conditions.

- In Arizona where drought conditions are so extreme the state has revoked permits for new homes due to lack of groundwater, Google's Mesa datacenter has a permit to use 5.5m cubic meters of water a year – about the same quantity used by 23,000 Arizonans – and is eyeing a second data center.
- Water bills in some municipalities have increased by up to 33% per month. Construction, diesel generators, and cooling systems expose residents to pollution linked to asthma, stress, cognitive impairment, and cardiovascular risks. Data centers could cause 600,000 additional asthma cases annually in the US and 1,300 premature deaths in 2028 alone.
- Black, Indigenous, working-class, and rural communities bear the brunt of these health impacts. In Memphis, TN and nearby Southaven, MS, Elon Musk's xAI has been routinely firing up dozens of methane gas turbines without federally required pollution controls, dumping toxic pollution into Black neighborhoods. In Southaven, the corporation is now getting sued over it. In Richland Parish, LA, Entergy plans to power Meta's $27 billion data center with three new methane gas plants – threatening a "digital" cancer alley.

Data centers are bad for economic development.

- Data center tax breaks are costing states and localities billions. Three states are each losing $1 billion or more per year to data centers: Virginia ($1.9b), Georgia ($2.5b), Texas ($3.2b). Of the 32 states offering data center tax incentives, 14 fail to disclose aggregate revenue losses.
- Corporations demand massive tax incentives—often 10-20 years of property tax exemptions worth tens of millions of dollars for a single facility or campus, draining funding from schools, libraries, emergency services, and infrastructure.
- These tax breaks significantly reduce or totally eliminate corporations' obligation to pay taxes. In Caldwell County, NC, for example, Google received over $73 million in tax breaks, and over 12 years, paid just $5 million in local taxes.
- Contrary to developers' claims, data centers create few permanent jobs and the ones they do are costly. Studies show that data centers collect almost $1-2 million in public subsidies per job. In Virginia, data centers generate just 1 job for every $13 million invested. In Rockland County, NY, a data center is receiving a $77 million tax break for promising one job.

Data centers undermine democratic governance.

- Tech corporations routinely push projects through with little transparency, using code names, shell companies, and LLCs so the community can't identify who is behind a project. Meta has obscured its involvement in data center projects by burying its operations behind opaque subsidiaries nationwide, making it impossible for officials to know who is behind these projects. This subterfuge means even when Big Tech's false promises are exposed in one community, they don't face consequences elsewhere.
- Data center companies often pressure elected officials to sign non-disclosure agreements (NDAs), hiding the project's details or even existence from the public and preventing community members from evaluating the impact of the proposed data center on their grid, household utility bills, air quality, or local budget. In Tucson, Amazon negotiated behind closed doors for two years, so the public learned of the deal only days before final approval. In Virginia, the majority of localities that host data centers have signed NDAs.

Other resources:

- **North Star Data Center Policy Toolkit - AI Now**
- **The People Say No: Resisting Data Centers in the South**
- **Data Center Site Fight Guide: A Shared Resource for Stopping Data Centers**