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What's driving Wisconsin's emergence as a data center hot spot?

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WEDC Secretary and CEO Missy Hughes
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By Rich Kirchen – Senior Reporter, Milwaukee Business Journal
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Wisconsin has emerged as a hot spot for hyper-scale data centers, and the state's top economic development official predicts more such projects.

Wisconsin Economic Development Corp. Secretary and CEO Missy Hughes said a major driver of the trend is a [sales tax exemption the state enacted in 2023](#) for purchasing equipment to build and operate data centers. More than 30 states offer similar exemptions for data centers, and the savings on a hyper-scale project can be in the tens of millions or more.

Hughes spoke with the Milwaukee Business Journal about the recent proliferation of data centers in the state, including in the southeast region. Her responses in the Q&A below were edited for length and clarity.

What's driving the activity for data center development, whether they're already announced or proposed?

I would say that it's a culmination of [Microsoft](#) announcing this huge project here (in Mount Pleasant) that really helped to put Wisconsin on the map, and the passage of the data center sales tax exemption certainly made that happen. That has made companies look twice and say not only is [Microsoft](#) doing it, but there's this very generous sales tax exemption that (they) can take advantage of.

And then companies look at things like the climate, the availability of workforce, the availability of power – all these other factors that they start to see, and Wisconsin is favorable.

Data centers have a major expense of using chillers to keep equipment from overheating. Does Wisconsin's cool weather play a role in making the state attractive for data centers?

Yes. I look to Hewlett Packard in Chippewa Falls for the best example. They are building a massive super computer and testing multiple of these computers at the same time, and in the winter, they have much more efficiency when it comes to that because they're not doing as much chilling.

And that translates also to data centers running these massive banks of servers. They don't have to expend as much to cool, and also where they're using water to cool, they have access to water, which is also a key component of some of these data centers.

With [Cloverleaf Infrastructure](#) proposing a massive data center campus in Port Washington and [OpenAI](#) scouting sites in Wisconsin, are you spending time working with this business sector?

We get the requests for sites, and the number of the data center requests and proposals we have received have been for the really pretty massive, thousand acres-plus (project sites).

They're looking for two main things – a flat site and (electric) power. There aren't that many massive sites that are flat in Wisconsin and are close to power and workforce. So if a company is able to identify that site in Wisconsin, what we see is they're moving pretty rapidly because they want to secure it, and they're having conversations with the power company to assure they can bring power to the site and making sure the workforce is available.

As we look at sites north of Milwaukee, there's still access to big, flat sites and workforce. And that's one of the pieces that becomes really attractive.

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Are there other areas around the state that might be suitable both in terms of the topography and access to power sources?

As we look over to the western part of the state, there is an opportunity for some sites there. There's just different factors, including whether it's close to a significant population, because there is some need to be close to population for workforce.

Data centers don't have huge workforces. Have you seen in other parts of the country where they have these mega sites leading to other economic development?

I really think if you look at the value that's brought to the local or regional community from property taxes, then you'll see spinoff economic development opportunities as the local community and the region have the opportunity to reinvest those property taxes in building schools and police departments.

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