DATA CENTERS:
BIG PROMISE. BIG RISKS.

**Make Informed Decisions.
Protect Community Assets.**

THE PROMISE
Developers promise high-paying jobs, investment, and tax revenue.

THE TRADE
In exchange, communities grant tax abatements, zoning changes, water, power, and infrastructure.

THE RISK
If projections fail, investors can walk away—but the costs and consequences remain local.

YOUR ROLE
Municipal leaders are stewards of land, resources, and the long-term public interest.

THE SCALE OF EXPOSURE

At least 10 states lose more than
$100 MILLION
annually through data center subsidies.
(Tarczynska, 2025)

Ohio lost more than
$1 BILLION
in 2025 in forgone tax revenue from data center exemptions.
(Davis, 2026)

U.S. data centers consumed an estimated
211 BILLION GALLONS
of water in 2023 (cooling + power generation).
(Smith et al., 2026)

Data centers use ~4.4% of U.S. electricity today—projected to reach
6.7% – 12% BY 2028.
(Shehabi et al., 2024)

Local governments also bear the burden:
$136M Georgia | $27M Tennessee | $26M Washington
in local subsidy losses (2025).
(GA State Univ. Fiscal Research Center; TN Dept. of Finance and Admin.; WA Dept. of Revenue)

THE PREDATORY DEVELOPMENT LIFECYCLE

1. **THE PROMISE**
   - Big jobs. Big investment. Tax revenue. In exchange: abatements, zoning, water, power.
2. **THE COMMITMENT**
   - Ground is broken. Infrastructure is built. At this point, your leverage flips—walking away becomes costly.
3. **THE RENEGOTIATION**
   - Developers seek changes—often more water, more power, lower environmental standards. Can you still say no?
4. **THE RESIDUAL RISK**
   - If the project fails, investors exit. You inherit stranded assets, lost revenue, and long-term obligations.

Once committed, communities carry the downside. Investors capture the upside.

WHAT COMMUNITIES PUT AT RISK

WATER RESOURCES
Aquifers, rivers, and treatment capacity are finite. Droughts and climate change increase stress.

ELECTRICAL CAPACITY
High demand can strain grids and drive up costs for residents and businesses.

TAX BASE & PUBLIC REVENUE
Long-term abatements reduce funds for schools, public safety, and essential services.

INFRASTRUCTURE & ROADS
Heavy construction and increased traffic accelerate wear and require public spending.

ENVIRONMENT & QUALITY OF LIFE
Water withdrawals, heat, noise, and light impacts affect health, ecosystems, and livability.

FUTURE FLEXIBILITY
Zoning and land use decisions made today can limit community options for decades.

A BETTER WAY: THE REGISTERED CAPITAL BOND (RCB)

If a developer uses projected benefits to get public concessions, they should financially back those promises up front.

RCB = PROMISED PERMANENT FTEs × PROMISED AVERAGE SALARY × STABILITY PERIOD (e.g., 10 years)

HOW IT WORKS
- Developer funds bond into an independent escrow before concessions take effect.
- Funds are tied to binding commitments for jobs, taxes, water, power, and environmental standards.
- Annual independent audits verify performance.
- If commitments are met, bond is fully returned at end of term.

DEFAULT TRIGGERS (EXAMPLES)
- Project does not open or ceases operations without approved transfer.
- Employment falls below 80% of promised levels.
- Failure to meet tax obligations while in abatement.
- Environmental commitments or water-use limits are breached.

**The bond stays with the community—not a lawsuit.
It turns promises into performance.**

5 STEPS TO PROTECT YOUR COMMUNITY

1. **CODIFY THE REQUIREMENT**
   Adopt an ordinance requiring financial security for qualifying large-scale developments.
2. **REQUIRE BINDING PROJECTIONS**
   Jobs, wages, taxes, water, power, and environmental commitments must be in writing.
3. **FUND THE ESCROW FIRST**
   Calculate the bond from those commitments and require funding before concessions.
4. **VERIFY INDEPENDENTLY**
   Confirm the bond is fully funded and legally restricted in a third-party escrow.
5. **AUDIT PERFORMANCE ANNUALLY**
   Tie continued incentives and eventual bond release to verified performance.

**STEWARDSHIP TODAY.
STRENGTH TOMORROW.**

Data centers can be part of a community's future—when the risks are managed and the benefits are real. Protect what matters. Price the risk before you commit.

SOURCES & REFERENCES
Open Markets Institute, 2026; Samadi, 2025; Oaktree Capital Management, 2025; Sheehy et al., 1997; Wei & Pu, 2024; Sahely, 2026, Mann, 2026; Flyvbjerg, 2014; Kennedy & Pantelias, 2018; Jensen, 2017; Martinez, 2026; Tarczynska, 2025; Tharp, 2026; Mytton, 2021; Siddik, Shehabi, & Marston, 2021; Smith et al., 2026; Davis, 2026; Minnesota Center for Environmental Advocacy, 2025.

Learn more or request the Registered Capital Bond framework and model ordinance.
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