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ENVIRONMENTAL JUSTICE & DATA CENTERS

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ENVIRONMENTAL JUSTICE & DATA CENTERS

Key Facts, Concerns, and Voices from the Frontlines

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Data centers are facilities that store digital infrastructure such as server systems, networking equipment, and power generators. Rapid expansion of these facilities have caused concerns surrounding their environmental, economic, and public health impacts. In response, multiple states and local municipalities are enacting regulations on their development and usage. Legislators can enact regulations that focus on these concerns, ensuring that communities are protected and receive benefits from having these centers in their backyards.

COMMUNITY CONCERNS:

- **Air Pollution**
- **Water Consumption & Waste Discharge**
- **Disrupted Grid Reliability**
- **Higher Utility Costs**
- **Lack of Transparency**
- **Tax Exemptions**

KEY FACTS

- Electricity consumption from data centers has grown about **12% every year for the past 5 years.** [1]
  - In 2024, data centers used up **183 terawatt hours of electricity,** [2] which is about 4.4% of total electricity usage in the country.
- Data centers require extensive cooling to avoid overheating infrastructure:
  - "Even a mid-sized data center consumes as much water as a small town, while larger ones require **up to 5 million gallons of water every day—as much as a city of 50,000 people."** [3]
- There are an estimated **4,000 data centers in the U.S**.[4]
  - Highest amounts are in Virginia, Texas, California, and "Data Center Alley" in northern Virginia.
- As of March 2026, **at least 12 states have proposed moratoriums on data center construction**: [5]
  - Georgia, Maryland, Michigan, Minnesota, New Hampshire, New York, Oklahoma, South Carolina, South Dakota, Vermont, Virginia, Wisconsin.

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ISSUE AREAS

TRANSPARENCY

Acting in secrecy bars citizens from democratically participating in the decision-making process of where these facilities are sited, and how they are operated and regulated.

Many data center developers enter nondisclosure agreements (NDAs) with local governments that prevent communities from knowing what is going on in their own neighborhoods. In Beaver Dam, Wisconsin, the local government signed an NDA with a shell company associated with Meta. Over 14 months (without public knowledge), the tech company and government officials created tax infrastructure and approved predevelopment for the project. [6] In Mason County, Kentucky, a farmer received an offer of $33M for her 650-acre land with no information on the buyer. Months later, it was revealed that the land was being scouted for data center development. [7]

When data centers are approved, there is also covertness surrounding environmental impacts such as resource usage and waste output. In 2022, the city of Dalles, Oregon, sued The Oregonian news outlet for requesting public records on Google's water usage from its data centers. One year and a failed lawsuit later, it was disclosed that the company's water-use had nearly tripled over 5 years, and was now consuming more than a quarter of the city's water. [8]

Requiring transparent reporting on development, energy, water, and land impacts, as well as costs allows grid operators, water suppliers, and policymakers to plan infrastructure accordingly. Additionally, it gives officials the opportunity to consider these environmental impacts in their long-term sustainability and renewable energy goals, and provides citizens appropriate awareness of data centers impacts to their communities.

Transparency around siting and impacts is essential for meaningful community engagement, [9] which is a necessity in preventing data center development from replicating historic patterns of injustice.

"Only 60 percent of corporations disclose Scope 3 emissions, which account for more than 50 percent of total emissions...[There are] no standardized reporting methods to assess the impact of recycling [electronic waste] on total emissions". [10]

ECONOMIC IMPACTS

Utility Costs

Economic impacts from data centers range from the consumer level to state level. Ratepayers can be affected by the amount of power infrastructure needed to be built or used in order to support large-load data centers. These costs are often pushed onto consumers, who are paying higher utility bills for data center energy consumption. In 2025, Illinois customers experienced rate hikes when capacity prices for reserve electricity went up, pushing those costs onto citizens. [11]

Lost Tax Revenue

Many local governments provide sales and tax use exemptions for the equipment necessary to build out data centers. In an attempt to incentivize economic growth and data center expansion, local and state governments are losing out on billions of dollars. The State of Virginia found **for every dollar exempted from data centers, only 48 cents in revenue was returned.** [12] In 2025, the state recorded $1.6B in abated taxes from data centers. [13]

A study commissioned for the Georgia Department of Audits and Accounts found that the amount lost from state tax revenue was not being made up in the construction and operation of data centers: "thus the fiscal impact is negative. The net fiscal impact of Georgia's High-Tech Data Center Equipment Exemption ranges from -$17.0 million in 2018 to -$780.2 million in 2030." [14] This loss is especially critical for states facing severe budget shortfalls such as Washington [15] and New Jersey, [16] which still have tax breaks for data centers.

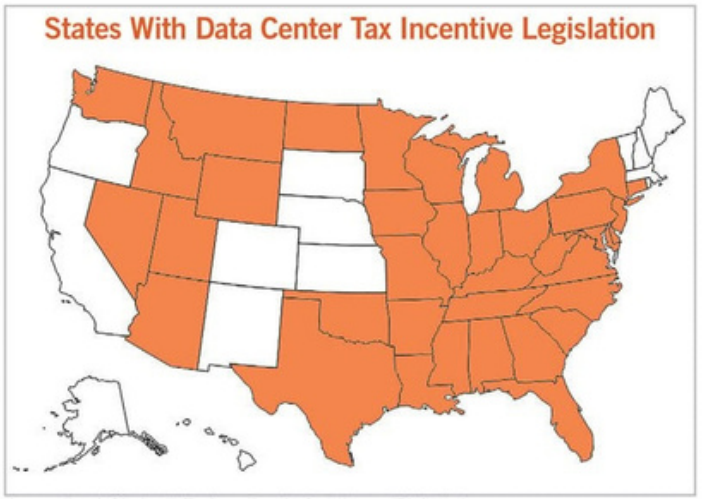

Figure 1. States with Data Center Tax Incentive Legislation [17]

Lack of Permanent Jobs

A common argument in favor of data center development is the creation of new jobs that benefit local communities, however, many studies have countered this claim. The U.S. Chamber of Commerce found that the construction phase employs an average of 1,688 workers; afterwards, the average number of operational workers drops to 157 permanent workers. [18] Many states' data center subsidies include requirements to create jobs, but these numbers are small in comparison, ranging from 20-50 permanent jobs, and 16 out of 36 states do not require job creation at all. [19] When considering the subsidies, it is important to note that the jobs are also incredibly costly: for example, the STAMP Data Center in Genesee County cost $11.7M in subsidies for each job generated and in Virginia, data centers generate only 1 permanent job per every $13M invested. [20]

"If we don't act, we'll see more climate-driven disasters, more air pollution, and higher energy costs. And we know that these impacts all hit our communities the hardest."

- Dwaign Tyndal, Executive Director of Alternatives for Community and Environment, MA

ENVIRONMENTAL & HEALTH IMPACTS

Water

Data centers require large amounts of water to cool their physical computing infrastructure. A typical data center uses around 300,000 gallons of water a day, and a large data center can use 5 million gallons, respectively equivalent to 1000 to 50,000 households. [21] Using recyclable and non-potable water is one way for data centers to reduce their water footprint, as well as liquid cooling over evaporative cooling. Companies continue to build data centers in water-stressed regions; for example, Meta, Microsoft, and Google have centers in Maricopa County, Arizona, where construction permits for housing have been denied due to groundwater scarcity. [22] These centers also increase water pollution, such as in Oregon where Amazon centers have worsened nitrate pollution. [23]

Air & Climate

The increased energy load from data centers increases the demand for fossil fuel power. With data center expansion, utility companies are extending use of gas and coal plants or opening new plants. Off grid data centers that utilize natural gas power plants are a major concern. Currently, 39% of all U.S. oil and gas development is dedicated to this use. [25] The most infamous example is the xAI data center in Memphis which illegally deployed over 30 generators raising NOx pollution for pollution-burdened communities. [26]

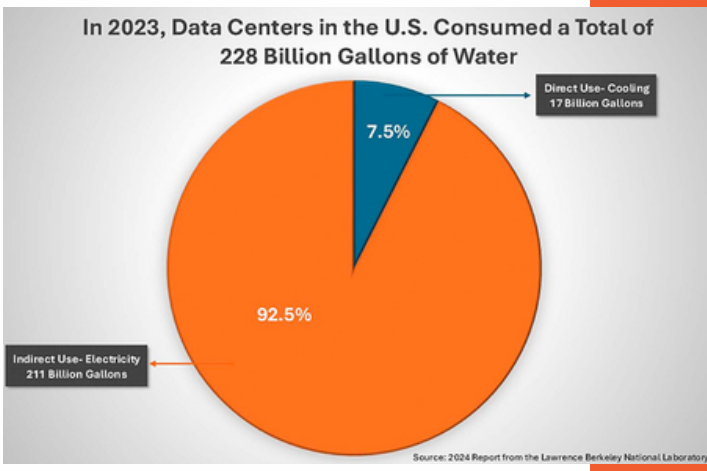

Figure 2. 2023 U.S. Water Consumption from Data Centers [24]

In Virginia, the Clean Economy Act required Dominion Energy to generate electricity from renewable resources by 2045. However, due to the huge data center market in Virginia, the company cited projected demand as reason to delay retiring existing power plants. In Georgia, the Public Service Commission approved a new integrated resource plan from the state's largest public utility company that extended the life of two of the biggest coal plants in the country. [27] Fossil fuel-powered data centers emit pollutants that cause health and environmental harms including greenhouse gases such as carbon dioxide (CO2) and methane, as well as nitrogen oxide (NOx), volatile organic compounds (VOCs), and particulate matters (PM), causing increased rates of asthma, heart and lung diseases, and cancer. [28]

Noise

Noise from data centers comes from multiple sources such as servers, equipment, cooling systems, and generators. [29] These noises, often described as a "high-pitch whine" [30] ranging from 55 to 85 dbA, can be heard by those nearby causing disturbed sleep, hearing problems, and an overall decreased quality of life for humans and wildlife alike. [31]

"We need to be able to put standards in place because there is going to be a worldwide phenomenon of data centers popping up everywhere - people don't really realize how much they're using AI anymore."

- Marquita Bradshaw, Executive Director, Sowing Justice, Memphis, TN

POLICY EXAMPLES

Transparency:

- WI S.B. 969: Prohibits data centers and data center agents from entering nondisclosure agreements that conceal details from the public or prevent public review (introduced Feb. 2026).[32]
- VA S.B. 553: Requires entities to report monthly to the state Water Control Board on the volume of water provided to a data center (passed Apr. 2026).[33]

Ratepayer Protection & Taxes:

- WA H.B. 2515: Requires specific contractual agreement between data centers and utility companies to prevent costs pushed onto ratepayers and ensure all costs are covered by the entities themselves (introduced Jan. 2026). [34]
- Virginia Senate Budget Proposal: phasing out data center sales & use tax exemption on Jan. 1 2027, earlier than original 2035 date (introduced Jan. 2026).[35]

Energy and Emissions:

- NJ S.680: Requires energy usage plan for proposed AI data centers and cryptocurrency mining facilities; requires all electricity to be derived from new clean energy sources (introduced Jan. 2026).[36]
- VA H.B. 507: Enacts emission limit for engine-generators to be equal to or less than a Tier-4 equivalent generator to be eligible for air permits (passed Mar. 2026).[37]

Community Benefits:

- MD H.B. 940: Before signing a contract for service, large loads must pay $1,000 per MW of load served, with 50 percent of these funds deposited to the state's low-income energy efficiency program and 50 percent to the state's electric bill assistance program (introduced Feb. 2026).[38]
- Lancaster, PA Community Benefit Agreement: Places regulations on environmental impacts, operational performance, siting, and workforce commitments. Requires owners to contribute to city Economic Development and Sustainability Funds (passed Nov. 2025).[39]

Environmental Justice:

- VA H.B. 1266: Directs Department of Environmental Quality to publish memo for public comment that considers cumulative impacts from the types of permits covered, including data centers (passed Apr. 2026).[40]
- CO S.B.26-102: Requires data centers that are located in disproportionately impacted communities to adhere to cumulative impacts assessments, compliance with mitigation strategies, and consulting with local governments before development and/or expansion (introduced Feb. 2026).[41]

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ENVIRONMENTAL JUSTICE LEADERSHIP FORUM

The Environmental Justice Leadership Forum (EJLF) is a national coalition of 42 organizations in 25 states and Washington D.C., who work to ensure that a diverse grassroots perspective is reflected in federal, state, and local programs and policy decisions. Organizations are based in red, blue, and swing states, including those in Appalachia, the Deep South, Northwest, Midwest, Northeast and Southwest regions. EJLF members represent Black, Latinx, Indigenous and low-income communities in large cities to rural areas. These groups are actively working together to advance key climate justice and environmental policy to ensure the protection and advancement of communities of color and low-income communities throughout the U.S.
The EJLF is hosted by WE ACT for Environmental Justice.

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