

Infrastructure:

What have Data Centers meant for communities where they have operated for years?



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Potential Positives	Potential Negatives
Construction and investment. Large projects can support substantial construction activity and capital investment .	Electricity demand and infrastructure. Large concentrations of data centers can require significant new generation, transmission, and other grid infrastructure .
Local tax revenue. Data centers can become a major source of property-tax revenue in some communities. Loudoun County, Virginia reports \$1.2 billion in data-center property-tax revenue in FY 2026 , or 39% of its budget.	Potential costs to other electricity customers. If additional infrastructure is required or expected projects do not materialize, some costs could be shifted to other customers depending on utility rates and cost-allocation rules .
High-paying permanent jobs. Operating employment is much smaller than construction employment, but permanent positions can pay well. Oregon reported an average annual data-center wage above \$172,000 in 2023 .	Limited permanent employment relative to construction. Virginia found that a typical 250,000-square-foot facility may have about 1,500 workers at peak construction but only about 50 full-time workers once operating .
Local business activity. Data-center construction and operations can support suppliers, contractors, maintenance, security, and other local businesses .	Tax exemptions for data centers can reduce public tax revenue. Communities should consider those exemptions when evaluating the overall financial benefit of a project.
Community investment. Some long-established data-center communities have received additional investments in schools, nonprofits, and local programs .	Water demand can strain local supplies. Data-center water use varies widely by facility and cooling technology , and large projects can place significant pressure on water supplies in some communities.
	Construction and neighborhood impacts. Large projects can involve years of construction, traffic, noise, road impacts, and conflicts with nearby residential areas .

Communities should establish clear expectations before approving or subsidizing a major data-center project. Local and state officials should understand the expected permanent jobs and tax revenue, electricity and water requirements, infrastructure costs, public incentives, and likely neighborhood impacts before making commitments. Where appropriate, those expectations can be formalized through a [community benefits](#)

[agreement](#) or development agreement that identifies what the developer will provide, who will pay for project-related infrastructure, how performance will be measured, and what happens if commitments are not met.

The rest of this paper provides specific examples of the above potential positives and negatives, and more information on how communities can protect their interests.

Many of the examples below come from Virginia, Oregon, and Ireland because their data-center markets have been established longer than Texas's. Northern Virginia is the country's largest and most mature data-center market, providing more than two decades of evidence on what happens after facilities are built and operating. Texas's data-center market is growing rapidly, and the experiences of these longer-established markets can help show the potential benefits and challenges Texas communities may face as development expands. Texas-specific data and examples are included below to show how some of these same tradeoffs are already emerging across the state.

1. Potential Positives

a. Data centers can generate substantial construction activity and investment.

- i. Virginia estimates that its data-center industry supports [approximately 74,000 direct, indirect, and induced jobs, \\$5.5 billion in labor income, and \\$9.1 billion in annual economic output](#). Most of these economic benefits come from construction rather than ongoing operations.

b. Permanent employment is smaller, but the jobs that remain can pay well.

- i. A typical 250,000-square-foot Virginia data center may have [about 1,500 workers on site at peak construction but only about 50 full-time workers](#) once operating. In Oregon, data-processing and data-center jobs paid an [average of more than \\$172,000 in 2023](#).

c. Data centers can generate substantial local tax revenue, although the benefit varies considerably.

- i. Loudoun County, Virginia, received [approximately \\$1.2 billion](#) in data-center property-tax revenue in fiscal year 2026, representing 39% of its budget. Across five mature Virginia data-center markets, however, data-center revenue ranged from less than 1% to 31% of total local revenue.
- ii. Public incentives also affect the overall fiscal benefit. Virginia provided [approximately \\$928 million](#) in data-center sales-tax exemptions in fiscal year 2023.

d. Data-center development can support other local businesses.

- i. Business Oregon estimates that data-center purchases of goods and services [support about 8,100 additional jobs statewide, including jobs in security, building maintenance, and other suppliers](#). Employee spending supports an additional estimated 7,900 jobs in areas such as housing, groceries, restaurants, health care, and recreation.

e. Some data-center operators also make additional investments in their host communities.

- i. Data-center developers have made additional investments in schools, workforce training, nonprofits, and other community programs. These benefits vary by project and should be considered alongside the project's other expected benefits and costs.
- ii. In Prineville, Oregon, where Meta has operated a data center for more than a decade, the company reports providing [more than \\$5.7 million in direct funding to Crook County-area schools and nonprofits and more than 400 local grants and sponsorships since 2011](#). These

investments have supported education, STEM programs, nonprofits, and other community projects.

2. Potential Negatives

a. Large concentrations of data centers can require significant new electricity infrastructure.

- i. Virginia's electricity demand was essentially flat from 2006 through 2020, but data-center growth is now the primary driver of increasing demand. An independent forecast commissioned by the state found that electricity demand [could double within 10 years if projected demand](#), driven largely by data centers, were fully served. Virginia concluded that even meeting half of projected demand would require substantial new generation and transmission infrastructure.
- ii. Ireland shows how large the electricity impact can become after years of concentrated growth. Data centers [increased from 5% of metered electricity use in 2015 to 23% in 2025](#).

b. Additional infrastructure could increase costs for other electricity customers.

- i. Virginia found that data centers are currently paying the electric-system costs allocated to them under existing rates. However, continued growth could require generation and transmission infrastructure that otherwise would not be built, increasing system costs for other customers.
- ii. Under Virginia's modeled scenarios, a typical Dominion Energy residential customer could face an [additional \\$14 to \\$37 per month in generation and transmission costs by 2040](#). Utilities could also face stranded costs if infrastructure is built for data-center demand that does not fully materialize. These are future risks, not costs customers are currently paying.

c. Permanent employment is limited relative to construction.

- i. A typical 250,000-square-foot Virginia data center may have [about 1,500 workers on site at peak construction but only about 50 full-time workers once operating](#). Communities should therefore distinguish between temporary construction employment and long-term jobs when evaluating expected economic benefits.

d. Public incentives can reduce the overall fiscal benefit.

- i. Virginia's sales-tax exemption for qualifying data-center equipment provided [approximately \\$928 million in tax savings in fiscal year 2023](#), and about 90% of the state's data-center industry used the exemption. Virginia still found positive economic benefits from the industry, but incentives need to be considered alongside tax revenue, investment, and employment when evaluating the overall fiscal impact.

e. Water impacts can vary widely by project and can be significant in individual communities.

- i. [Virginia found that statewide data-center water use was sustainable at the time of its review](#), but water use varies substantially by facility and some communities have more limited supplies.
- ii. In The Dalles, Oregon, Google's data center accounted for [approximately 29% of the city's water use in 2021](#), illustrating why local water conditions matter.

f. Construction and neighborhood impacts can create conflicts with nearby communities.

- i. Individual data-center buildings generally [take 12 to 18 months to construct](#), while large campuses can remain under construction for as long as seven years.

- ii. Residents near some Virginia projects [reported construction noise, heavy truck traffic, road damage, and interference with school buses and emergency vehicles.](#)

3. How communities can manage the risks.

- a. **Confirm the expected benefits.** Developers should provide realistic estimates of construction jobs, permanent jobs, taxable investment, and expected local tax revenue.
- b. **Identify infrastructure requirements and who will pay.** Communities should understand whether new electricity, water, wastewater, roads, or other infrastructure will be required and whether those costs will fall on the developer, utility customers, or taxpayers.
- c. **Confirm that local electricity and water systems can reliably serve the project,** including during periods of high demand or drought.
- d. **Address construction and neighborhood impacts before development begins.**
- e. **Evaluate tax incentives alongside expected permanent jobs, tax revenue, infrastructure costs, and other public benefits.**
- f. **Put major commitments in writing.** [Community benefits agreements](#), development agreements, or similar arrangements can establish infrastructure responsibilities, community investments, timelines, reporting requirements, and consequences if commitments are not met.

4. Texas is already seeing many of these same tradeoffs.

- a. **Texas is already home to hundreds of operating and planned data centers, although estimates vary by source.**
 - i. The Texas Tribune identified [at least 596 operating and planned data centers](#) across Texas as of September 2026. The Tribune notes that its database is not comprehensive because no single source tracks every facility statewide.
 - ii. Baxtel, a privately maintained industry database, currently lists [780 Texas data-center facilities](#), including operating, under-construction, planned, and other project categories. Because private databases define and classify projects differently, their totals should be treated as estimates rather than an official state count.
- b. **Fort Worth reports that data centers generated [more than \\$83 million in gross property-tax revenue for the city over the last five years](#), showing that established Texas markets can receive substantial local tax revenue.**
- c. **Texas also provides substantial tax benefits to qualifying data centers.** In fiscal year 2025, the Texas Comptroller reported [approximately \\$617.6 million in state sales and use taxes abated](#) through the Texas Data Center Program.
- d. **Meta's Temple data center provides a Texas example of the difference between construction and permanent employment.** The company reports investing more than \$1.2 billion in the facility, [supporting about 1,200 skilled-trade workers at peak construction and almost 100 operational jobs after opening in July 2026.](#)

- e. **The Houston Advanced Research Center (HARC) estimates that Texas data centers [consumed about 25 billion gallons of water in 2025, or 0.4% of total statewide water use](#).** While that share is relatively small statewide, impacts can be much larger in individual communities, particularly in water-stressed areas where large new projects compete with existing residential, agricultural, and industrial demand. By 2030, HARC estimates statewide data-center water consumption could rise to [roughly 29–161 billion gallons annually](#), or about 0.5%–2.7% of total Texas water use.
- f. **Electricity demand is also growing quickly.** In August 2026, ERCOT was considering [more than 474 gigawatts of requests for new electricity connections](#), **more than five times** Texas’s record peak demand, and the Governor’s Office reported that **about 90% of those requests** were associated with data centers.
- g. **Texas communities are already responding to concerns about these resource demands.** [In 2026, San Marcos rejected a developer’s request to annex land for a proposed data center expected to use more than 25 million gallons of water annually](#). The city later changed its zoning rules to make data centers ineligible within city limits, citing concerns about water and electricity resources.

Bottom line, long-established data-center markets show that these projects can provide substantial investment, tax revenue, and high-paying jobs, but the benefits vary considerably by project and community. As development becomes larger and more concentrated, communities can also face growing electricity, water, infrastructure, and land-use pressures. Communities should understand those tradeoffs and establish clear expectations before a major project moves forward.

More Information

- **Center for Policy Progress, “Managing Data Center Growth in Texas”** — Provides a fuller discussion of data-center growth in Texas, electricity and water demand, state policy, economic benefits, community impacts, and policy options.
- **The Texas Tribune, “Find data centers near you in Texas with our search tools”** — Provides an interactive map and search tools for locating operating and planned data centers across Texas and identifying the public officials and entities involved in regulating or serving projects.
<https://www.texastribune.org/2026/09/02/texas-data-center-information-lookups/>
- **Baxtel, “Texas Data Center Market”** — Provides a commercial database of Texas data centers, including facility locations, operators, development status, regional markets, and information on projects that are operational, under construction, planned, prospective, or withdrawn.
<https://baxtel.com/data-center/texas>
- **Brookings Institution, “Why Community Benefit Agreements Are Necessary for Data Centers”** — Explains how community benefit agreements can help communities negotiate the costs and benefits of data-center projects. The article covers jobs, tax revenue, infrastructure, water and electricity use, community investment, transparency, and enforcement.
<https://www.brookings.edu/articles/why-community-benefit-agreements-are-necessary-for-data-centers/>
- **New Jersey Economic Development Authority, “Data Center Community Benefits Agreement General Guidance”** — Provides practical guidance for local governments evaluating and negotiating community

benefit agreements for data centers. It recommends reviewing infrastructure and resource demands, water and sewer systems, roads, emergency-response capacity, workforce impacts, community engagement, and potential developer-funded improvements before an agreement is finalized.

<https://www.njeda.gov/datacentergeneralguidance/>

For questions and comments, contact us at info@centerforpolicyprogress.org.