Data Centers in 2026

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What is a data center? And why might I want one in my town?*

*Or *not* want one in my town.

What is a data center?

A data center is **a collection of computers in a building** serving up data, computation, and other cloud resources for people offsite.

Hyperscale Data Centers

Colocation Facilities

Enterprise Data Centers

The Data Center AI Connection

Models stored at
Data Centers.

Inference returned through API or
cloud services.

Current data center capacity can't accommodate the forecast AI need, this is driving massive growth.

Why Would I Want a Data Center in my Town?

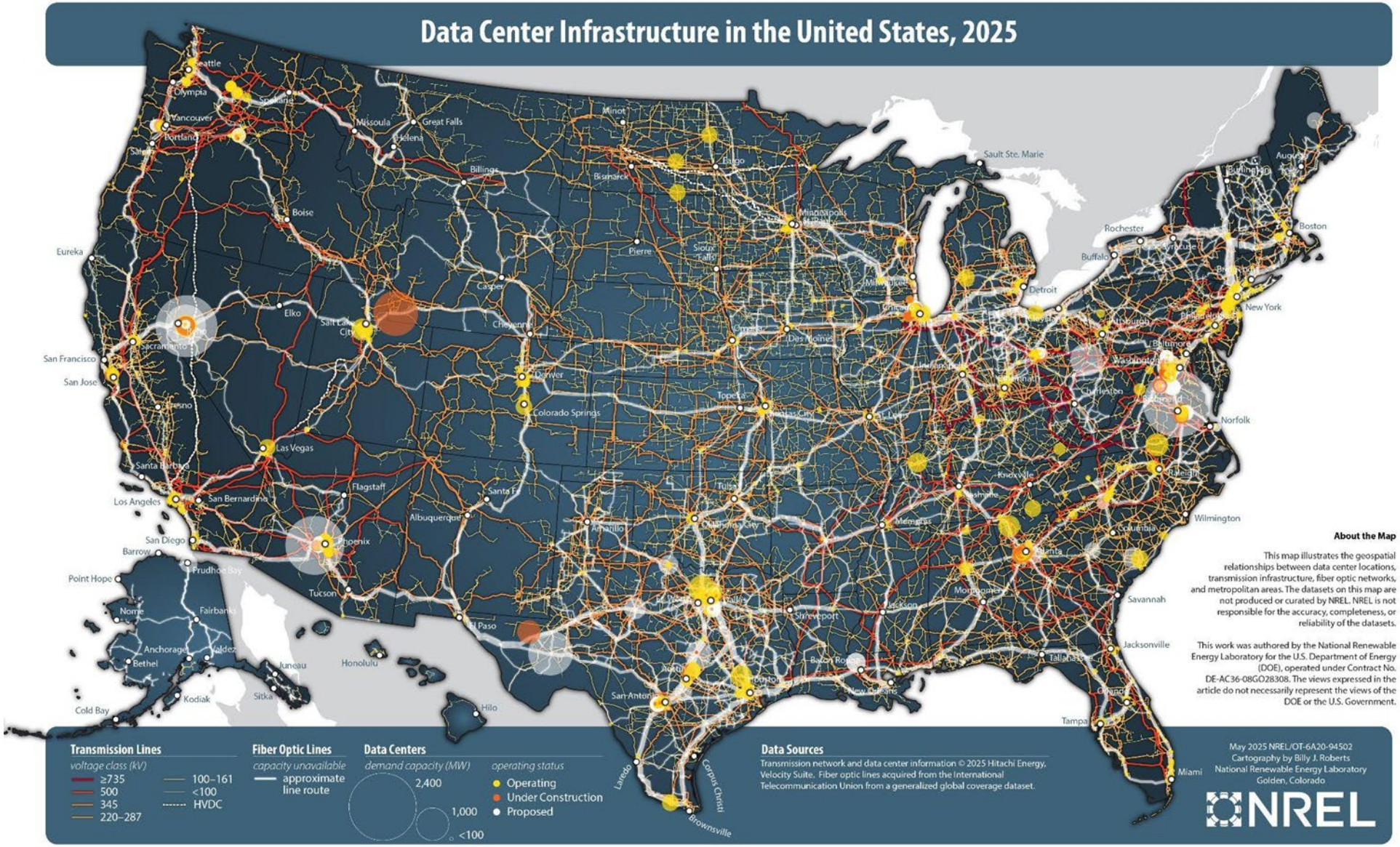
	Benefit	Risk
Jobs	Create lots of high-tech and high paying jobs.	Job creation is minimal, and mostly limited to temporary construction jobs.
Economic Activity	Generate economic activity beyond the data center, including secondary (manufacturing, HVAC,...) and tertiary (restaurants, rental markets,...) businesses.	Construction generates temporary economic activity while burdening rental markets, and the eventual economic multiplier is too small to be meaningful.
Tax Revenue	Net new construction allows a tax levy increase. Broader tax base will keep taxes down for residents.	Financing instruments and construction timelines mean it can be 20 years before the increase is realized. Also, tax revenue is concentrated in one big payer.
Wisconsin Tech Hub	Attract big corporations and high-growth startups, create partnerships with local universities to support local education and workforce development.	Tech hubs are usually driven by software rather than data centers (e.g. Seattle, Silicon Valley, Austin), and it would take 100s of data centers here to attract supply chain manufacturers.

Data centers are neither all benefit, nor all risk.

Multiple Interlocking Considerations:

1. Local Infrastructure
2. Access to Technology
3. Community Acceptance

Data Center Infrastructure

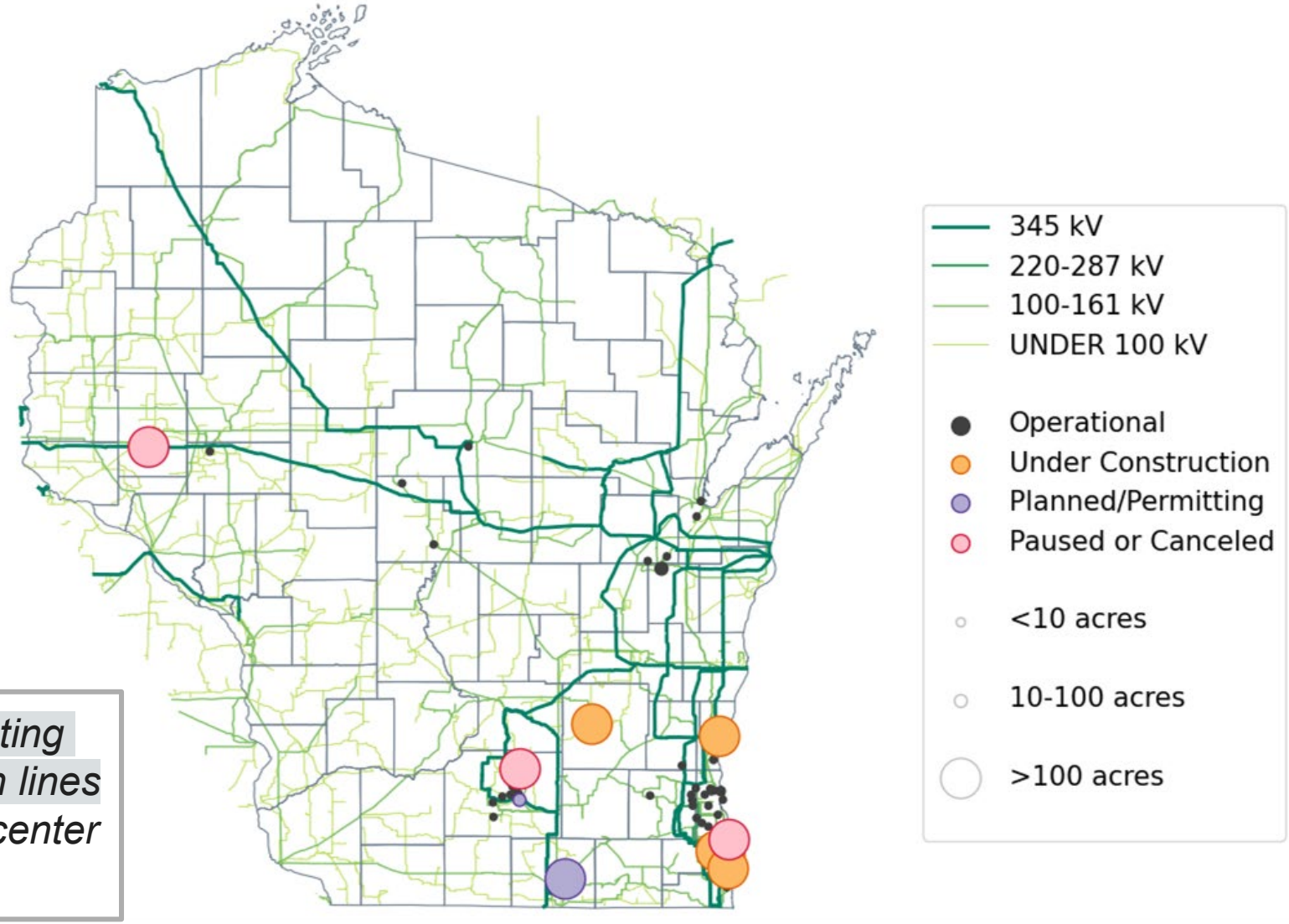


Roberts, B. (2025). *Data Center Infrastructure in the United States, 2025*.

U.S. Grid and Transmission Infrastructure

Haensch (2026). *U.S. Grid and Transmission Infrastructure*; Data source: Homeland Infrastructure Foundation-Level Data obtained via U.S. Fish and Wildlife, *US Electric Power Transmission Lines*.

WI Data Centers and Transmission by Voltage Class



Communities near existing high voltage transmission lines will be attractive to data center developers.

Haensch (2026), *Wisconsin Data Center Map*.

Near-Future WI Data Centers Energy Needs

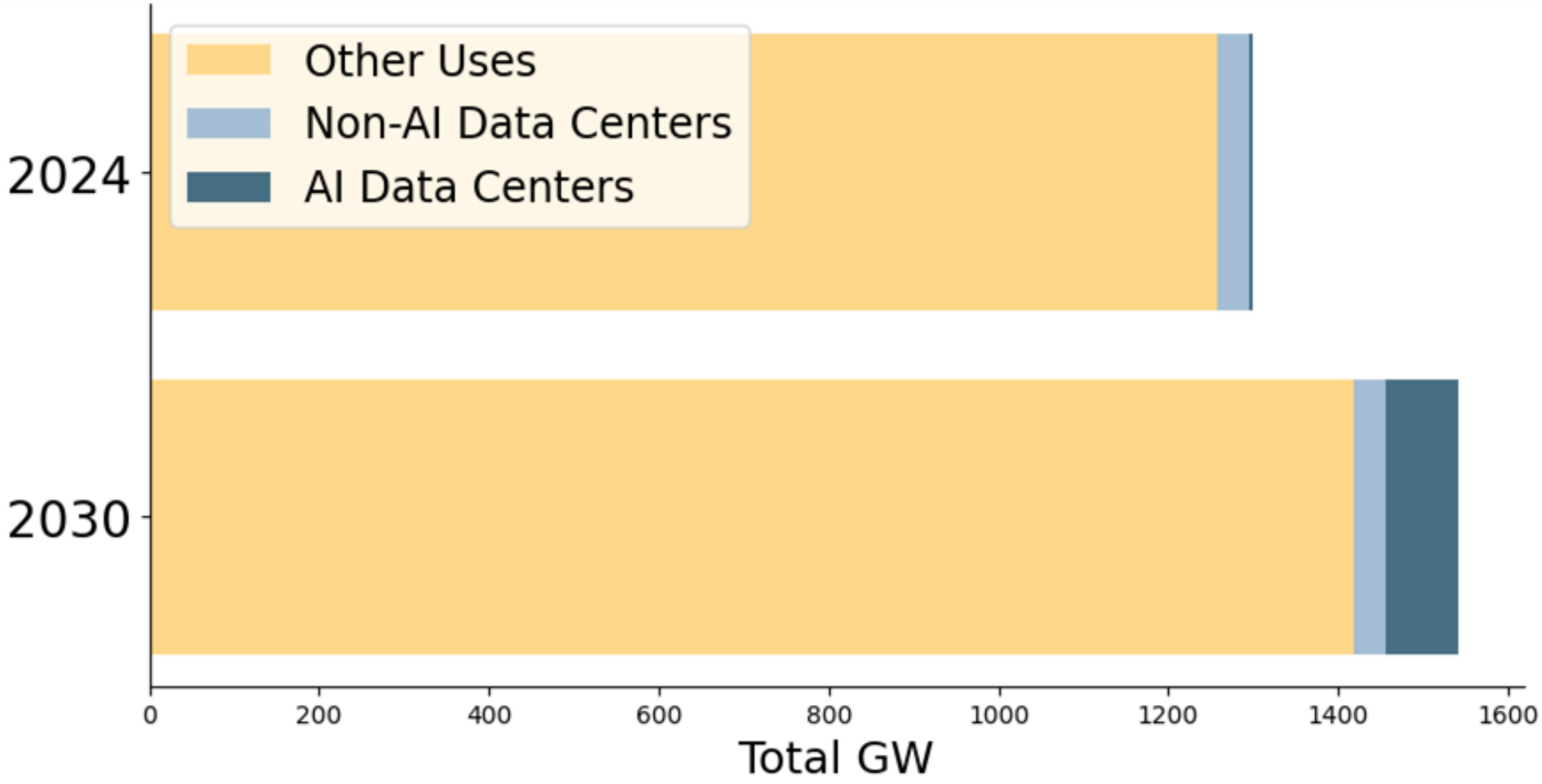
Project	Power (MW)	Status
Mt Pleasant Campus - Microsoft	2,000	Under Construction
Port Washington - Vantage	902	Under Construction
Janesville - Viridian	800	Planned
Menomonie - Balloonist LLC	450	Paused
Beaver Dam - Meta	400	Under Construction

That's more than 4,500 MW of power that doesn't currently exist on the grid.

Generating 5,000 MW of solar energy generation would require 25,000 MW solar capacity and ~100,000 acres.[1]

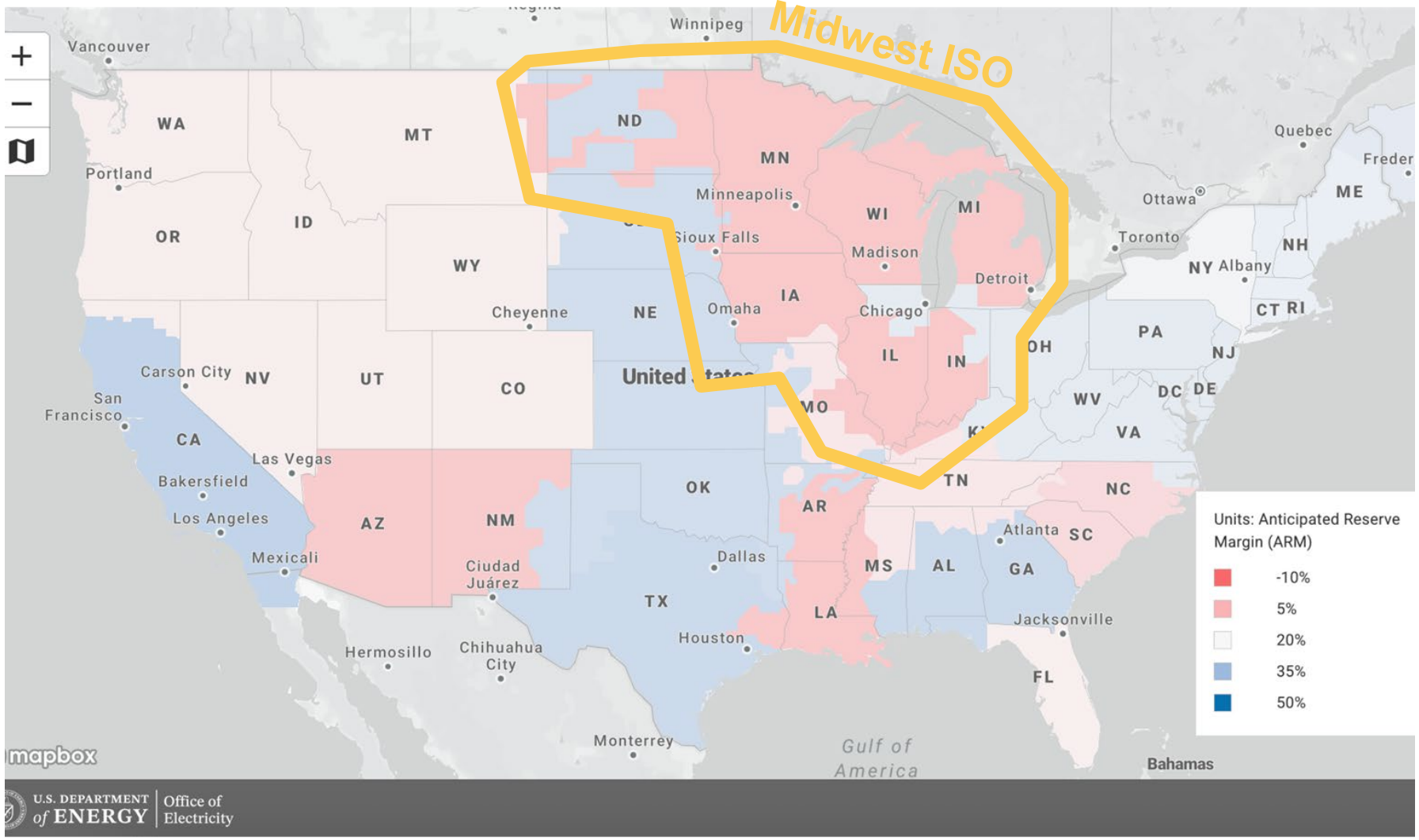
[1]M. Bolinger, M. and G. Bolinger (2022). *Land Requirements for Utility-Scale PV: An Empirical Update on Power and Energy Density*; [2]2025 Wis. A.B. 840.

Estimated U.S. Energy Capacity by End Use



Haensch (2026), *Estimated U.S. Energy Capacity by End Use.*.

Estimated 2030 Energy Reserve Margins

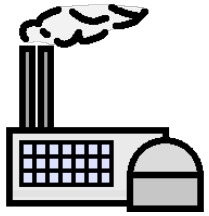


U.S. Department of Energy, *Accelerating Speed to Power,* Data Viewer.

Basic Flow of Money in WI Energy Markets

Regional Transmission Organization
Midwest ISO (MISO) oversees wholesale energy markets, regulated by Federal Energy Regulatory Commission (FERC).

WI Public Service Commission
Regulatory Agency that must approve any proposed rate changes.



Energy Generators
Power plants, solar farms, wind farms

Investor Owned Utilities
Alliant Energy, WE Energies, Madison Gas and Electric

Residential Ratepayers
Pay monthly fees based on kWh used, plus a connectivity fee, and small upcharge for grid maintenance and improvement.

Commercial Ratepayers
Pay more complicated monthly fees based on e.g. kWh used, on/off peak designation, plus a facilities charge for grid maintenance and improvement.

Data Centers
Separate rate class that pays more for necessary grid improvements.

= pays money to

= proposed

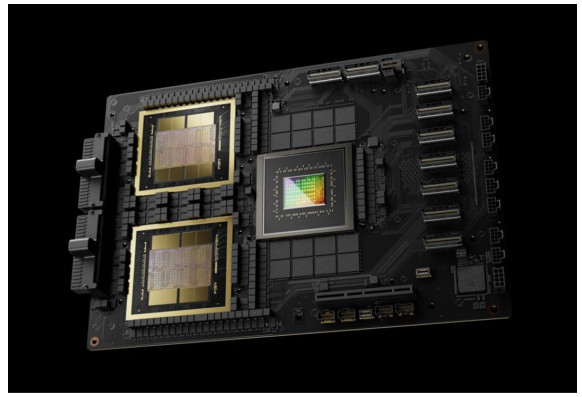
The Technology Inside Data Centers

The Brains of the Data Center

The **Central Processing Unit** (CPU) is the brain of the computer.

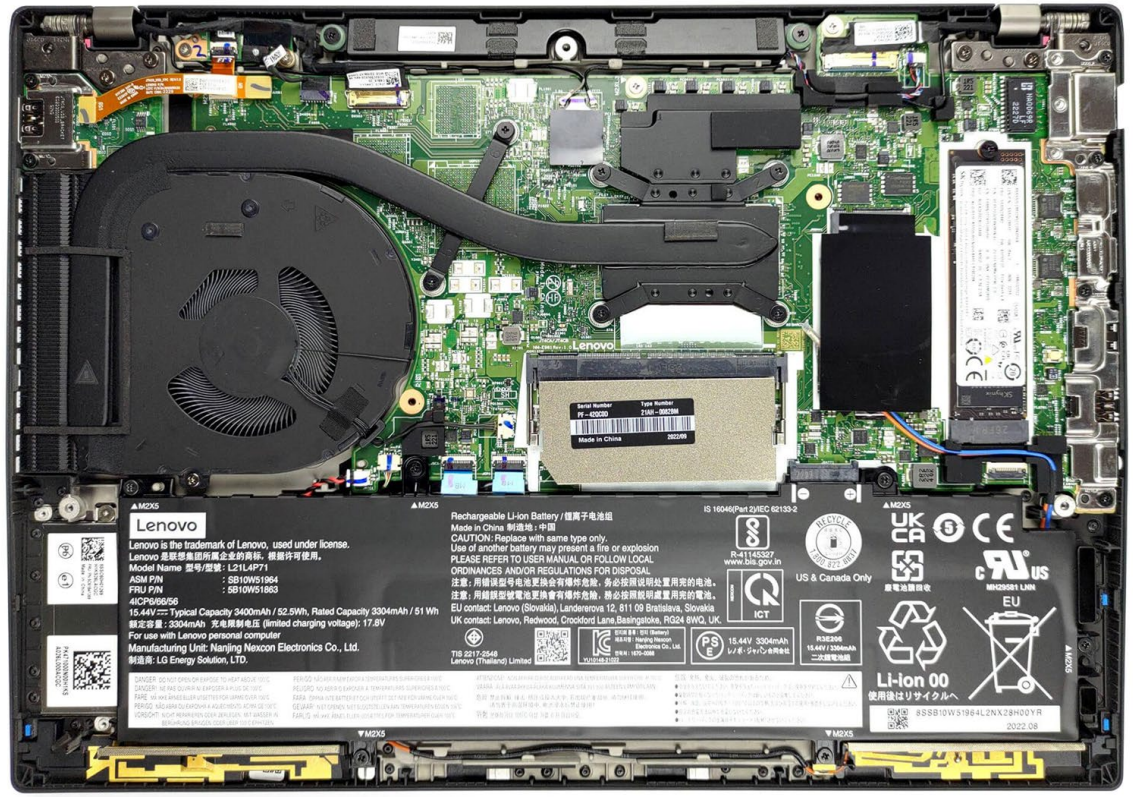
- Computing happens by passing electrical current through the integrated circuit.
- A typical CPU uses 125 - 190 W of electricity. Slightly less than a rice cooker.
- In the U.S., 75% of CPUs are made by Intel, followed by AMD

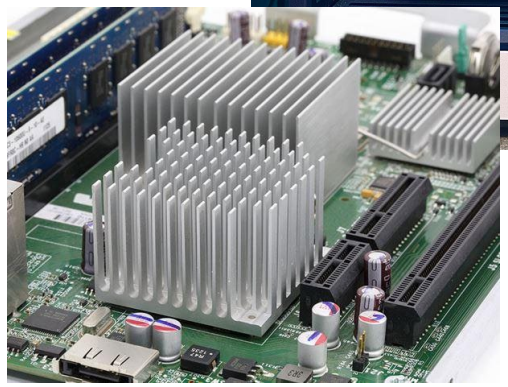
The **Graphical Processing Unit** (GPU) is a super-fast brain that's good at images.



- A single Nvidia Blackwell GPU uses between 700 and 1,200 watts of energy. Between a refrigerator and a window AC unit.
- In the US, 80% of all GPUs are made by Nvidia.
- Nvidia chips are currently made in Taiwan by Taiwan Semiconductor Manufacturing Company (TSMC.)

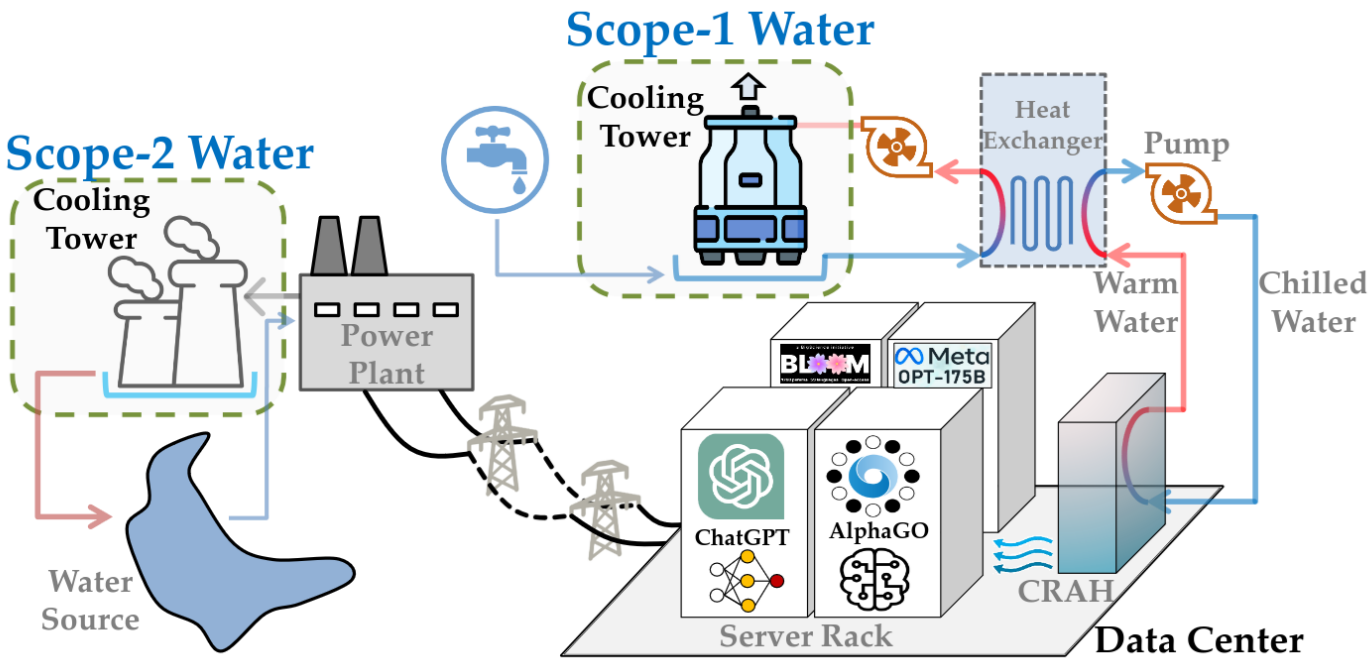
Computing Generates Heat





Cooling systems of all sizes include fans, heat sinks, and water loops, these also take energy to operate.

Cooling at Scale



Commercial Cooling System

Data centers are usually cooled with potable water.
Closed loop cooling systems use less water.

Li et al, (2025). *Making AI Less "Thirsty": Uncovering and Addressing the Secret Water Footprint of AI Models*.

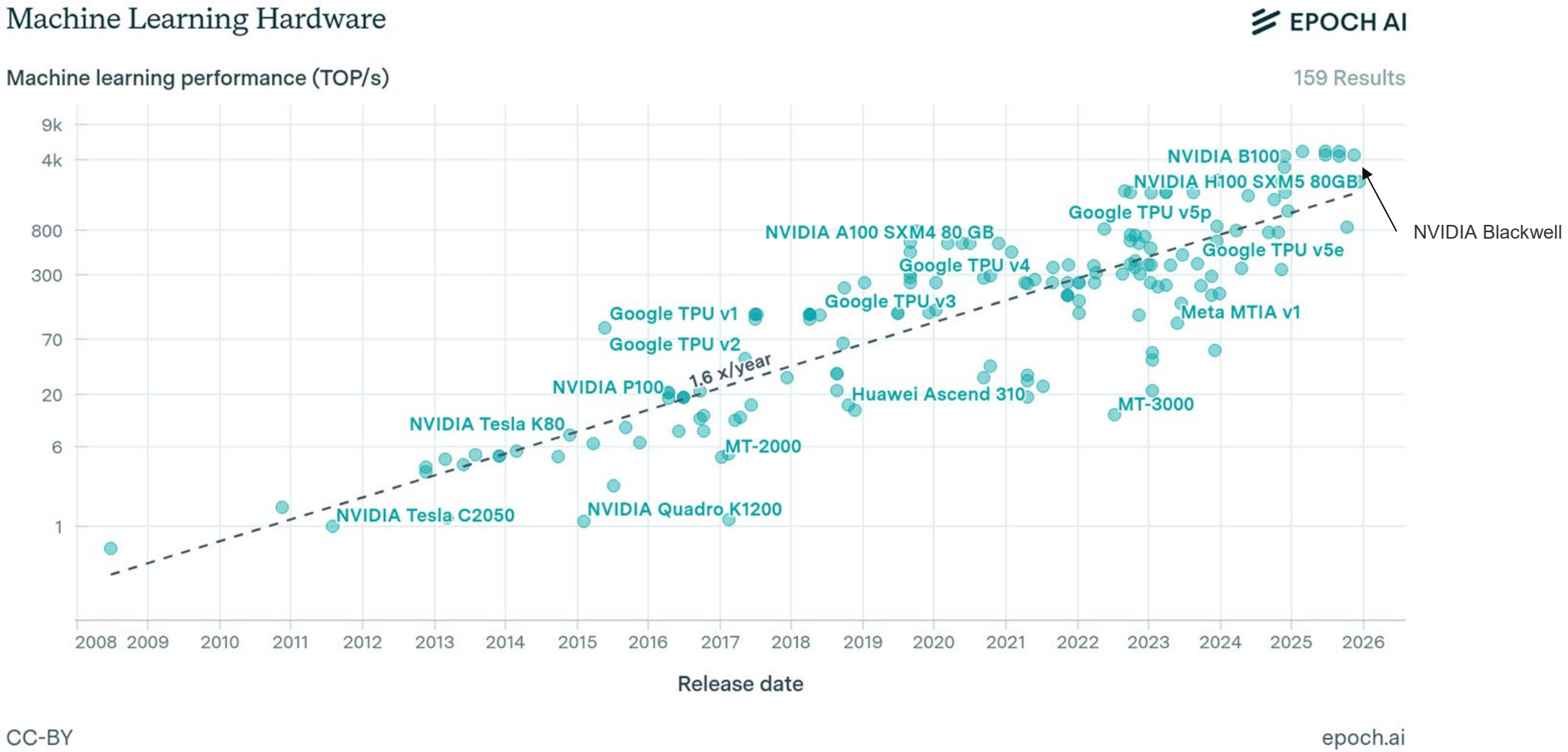
Risks Associated with Obsolescence

- Building and Infrastructure Design Life **15-25 years**
  - *Building shell*
  - *Power delivery infrastructure*
  - *Cooling units, water pipes, and chillers*
- Computing Equipment Design Life **3-5 years**
  - *Servers, CPUs, and GPUs*
  - *UPS batteries*
  - *Networking gear*

Also consider the pace of technology innovation, denser storage, more efficient software, more powerful GPUs

…But beware Jevon's Paradox!

AI Hardware Keeps Improving



NVIDIA Blackwell

Epoch AI (2025). *Data on Machine Learning Hardware*.

Wisconsin Data center Sales and Use Tax Exemption Program

- Created by 2023 Wisconsin Act 19, aims to **bolster economic growth** and **attract high tech industries** and talent.
- Developers are exempt from sales and use tax for tangible property.

  e.g. computer server equipment, networking equipment, and other essential hardware.

For a hyperscale data center replacing it's equipment every 3-4 years, this will amount to hundreds of millions of dollars in foregone tax revenue over a data center lifetime.

2023 Wisconsin Act 19 - Data Center Sales and Use Tax Exemption (DCSTE) Program.

Community Benefits and Opposition

Tax Benefits and Risks - TIFs

*Borrow from future property tax to pay for building projects using **Tax Incremental Financing**.*

Present (2026)

Future (2046)

Small property tax base.

*Municipality establishes a **Tax Increment District** with plans to build.*[1]

*Department of Revenue fixes a **base assessed property value** in TID, and this is **frozen**.*

New Construction Occurs and property tax base begins to expand

Property tax collected above the base rate us used to pay down TIF debt.

Large property tax base

*Triggers 5 year timeline to levy higher taxes based on **Net New Construction**.*[3]

The payoff might take a long time: Until the TID is closed, the developer "will essentially reimburse itself" with its own money.[2]

[1]Wisconsin Department of Revenue (R. 11-25) *Tax Incremental Financing Manual*; [2]Port Washington (2025), *Frequently Asked Questions*; [3]Wis. Stat. § 66.0602 (2023-24).

Tax Benefits and Risks - NNC

COMUN CODE	COUNTY NAME	MUNICIPALITY	SPLIT MUNI	2024 EQUALIZED VALUE	2025 NET NEW CONSTRUCTION	PERCENT
51161	RACINE	VILLAGE OF NORTH BAY		53,131,200	14,000	0.03
51192	RACINE	VILLAGE OF WIND POINT		376,815,700	149,000	0.04
51121	RACINE	VILLAGE OF ELMWOOD PARK		61,718,800	70,700	0.11
51016	RACINE	TOWN OF WATERFORD		1,101,144,100	6,821,300	0.62
51010	RACINE	TOWN OF NORWAY		1,486,084,000	10,128,100	0.68
51104	RACINE	VILLAGE OF CALEDONIA		3,709,713,100	34,231,700	0.92
51194	RACINE	VILLAGE OF YORKVILLE		952,469,400	9,405,100	0.99
51006	RACINE	TOWN OF DOVER		650,578,900	6,887,700	1.06
51206	RACINE	CITY OF BURLINGTON	*	1,463,169,600	18,154,200	1.24
51168	RACINE	VILLAGE OF RAYMOND		837,302,900	10,682,300	1.28
51176	RACINE	VILLAGE OF ROCHESTER		579,490,000	7,434,200	1.28
51276	RACINE	CITY OF RACINE		5,387,074,500	73,140,500	1.36
51002	RACINE	TOWN OF BURLINGTON		1,223,052,700	18,597,100	1.52
51191	RACINE	VILLAGE OF WATERFORD		864,333,700	18,704,900	2.16
51181	RACINE	VILLAGE OF STURTEVANT		1,028,551,400	24,107,600	2.34
51186	RACINE	VILLAGE OF UNION GROVE		592,849,500	29,404,600	4.96
51151	RACINE	VILLAGE OF MOUNT PLEASANT		5,809,246,400	996,569,500	17.15

This Development Comes with Benefits and Risks: Net New Construction allows increased tax levies, but concentrates risk in a single ratepayer and might act as a boat anchor to future growth.

Wis. Stat. § 66.0602 (2023-24), Local Levy LImits; 2023 Data Centers in Wisconsin - The Perfect Storm of Incentives.

Job Creation

2024 Estimates in Virginia ("data center alley"):

- 12,140 operational jobs and 14,240 construction jobs.[1]
- 570 data centers.[2]
- That's ~20 operational jobs per data center.

  Many of these are much smaller than the "hyperscale" facilities being considered in WI.

- For every job inside a Virginia data center, 3.5 additional jobs are supported.

Data centers are mostly the same, no matter where they are, so it's reasonable to extrapolate.

[1]Northern Virginia Technology Council (2024). *Virginia Data Center Report;* [2]Data Center Maps, *Virginia Data Centers*

Community Benefit Agreements

Formal **Community Benefit Agreements** are signed by developers, local governments, and/or community organizations. They can include things like:

- Community benefit funds or direct payment
- Job training and prioritized local hiring
- Economic development programs
- Construction agreements (off-season, daytime)
- Local land rehabilitation and greening
- Ratepayer utility relief mechanisms

Title	Date	State	Project Description	Benefits
City of Lancaster Community Benefits Agreement	2025 (est.)	Pennsylvania	Artificial Intelligence Hub	Benefits outlined include total upfront contributions of $10 million to the Lancaster County Community Foundation and total upfront contributions of $10 million to the City's Sustainable Development and Clean Energy Fund to be used and managed in accordance with the terms of the agreement. Targeted benefits include local job training and hiring. Operational commitments include emergency management, noise control, and decommissioning planning.

Example of a Negotiated CBA.

Local processes typically enlist community members, staff, facilitators, technical experts, lawyers.

Columbia Law School (2026). *Community Benefits Agreements Database;* U.S. Department of Energy, *Wind Energy Community Benefits Guide*.

The Current Federal and State Policy Landscape

Pending WI State and Local Legislation

2025 Wisconsin Assembly Bill 722

- Introduced Dec. 3, 2025

  Key Provisions: Required wage rates, data center energy rate class, renewable resource tariff and reporting.

2025 Wisconsin Assembly Bill 840

- Introduced Jan. 9, 2026, passed Assembly Jan. 20, 2026

  Key Provisions: Ensure ratepayer protection, colocation of renewables, closed-loop (or similarly water-intensive) cooling, water use disclosures, reclamation bond, land restoration for canceled projects.

Madison City Data Center Moratorium (January 4, 2026)

- Temporary Moratorium on data centers >10,000 sqft.

2025 WIs. A.B. 722; 2025 Wis. A.B. 840.

Federal Legislation and Executive Actions

- Biden Executive Order on Advancing United States Leadership in Artificial Intelligence Infrastructure[1]

  Key Provisions: Identify Federal sites to lease to non-Federal entities for data center development and clean energy facilities to serve data centers.

- Trump Executive Order on Accelerating Federal Permitting of Data Center Infrastructure[2]

  Key Provisions: Facilitate rapid data center buildout on appropriate Federal land, fast-tracks environmental review.

- H.R. 5927 - Securing Reliable Power for Advanced Technologies Act[3]

  Key Provisions: Designates certain energy projects as "priorty national defense" with expedited permitting and environmental review.

- S. 1475 - Clean Cloud Act of 2025[4]

  Key Provisions: Establishes emissions standards, data collection, and zero-carbon goals for cloud computing facilities.

[1] E.O. 14141 (Revoked by [2] E.O. 14318); [3] H.R. 5927; [4] S. 1475.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