

GEORGETOWN CLIMATE CENTER

Building Local Governance Structures for Evaluating Data Center Proposals

Five steps local governments can take to prepare for data centers

By Melissa Birchard

September 2026

Local governments across the country are responding to the prospect of data center development, as well as growing public concerns about what that development might mean for communities. They're taking steps such as defining the term "data center" in code, updating zoning ordinances, and identifying local environmental, energy, and economic priorities. Some jurisdictions are adopting moratoriums on development while they consider the community's goals and priorities.

This paper identifies five steps communities can take to prepare for decisions about data centers, and discusses implementation options. It also offers some resources and examples that may be helpful. Community engagement is a key part of this process, with or without a moratorium. The five steps are:

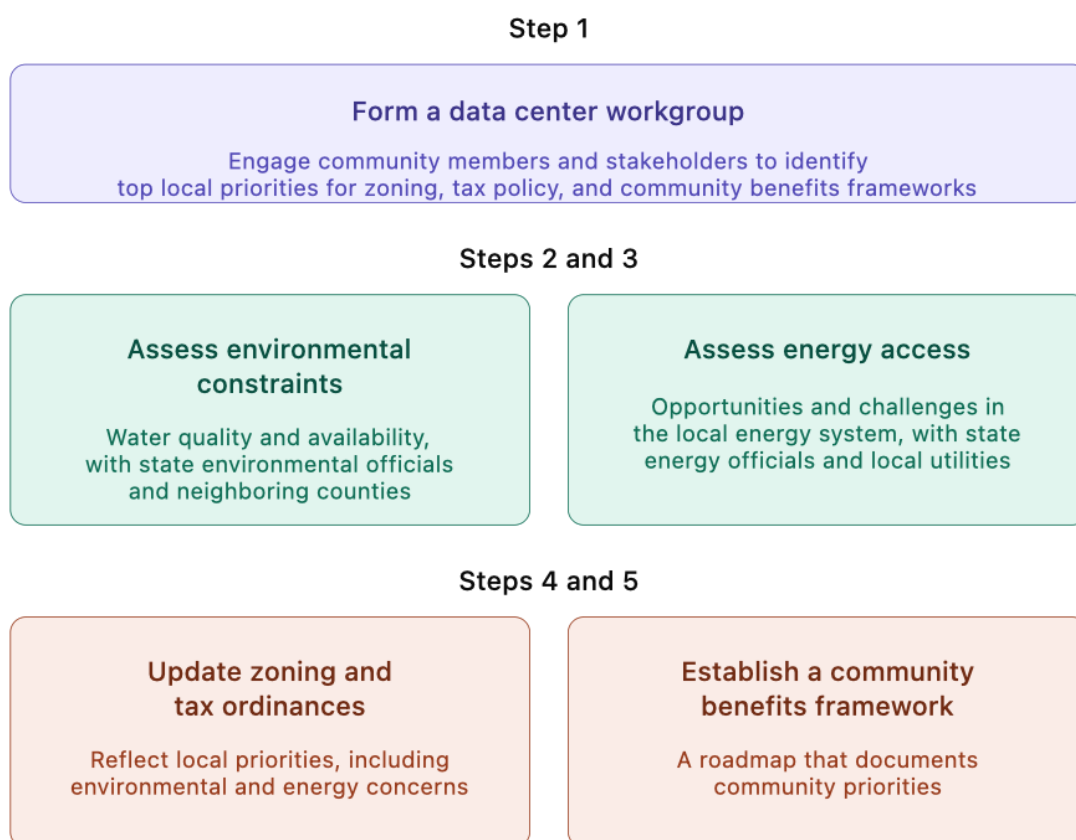
1. **Form a data center workgroup** that engages community members and stakeholders to identify top local priorities to reflect in zoning and tax policy, as well as community benefits frameworks;
2. **Assess environmental constraints**, such as water quality and availability, by partnering with environmental officials at the state level and in neighboring counties;
3. **Assess energy access**, including both opportunities and challenges presented by the local energy system, working with state energy officials and local utilities;
4. **Update zoning and tax ordinances** to reflect local priorities, including environmental and energy concerns.
5. **Establish a community benefits framework** that can serve as a roadmap documenting community priorities.

While this issue brief addresses the concerns associated with data center development, this general framework can be applied any time major new infrastructure is proposed in areas that do not yet have governance and decisionmaking structures well tailored to evaluate those proposals.

Emerging Best Practices for Local Governments

The Georgetown Climate Center's August 12, 2026, [issue brief](#) on data center moratoriums discussed the proliferation of data center permitting pauses across the country, most of which are at the local level.¹ These moratoriums underscore the important role of counties and cities in responding to the competing demands emerging from the rise of data center permitting and development. This is not a new position for local governments, which have long played a central role in land use planning and permitting, but it is a new and complex topic that is stressing local government resources just as it is challenging state governments.

While best practices to address data centers are currently evolving at all levels of government, many of them are similar to best practices that have emerged from siting and permitting other industrial uses. The five steps that local governments can take to prepare for potential data center development can be visualized as follows.



This diagram depicts a data center working group forming prior to completing environmental and energy assessments. If those assessments are completed in advance of forming a working

¹ As of publication of this issue brief, several states including New York, Arizona, Texas, and Pennsylvania have taken steps to pause or substantially slow large data center approvals at the state level.

group, the information can be provided to inform its discussions and help shape its recommendations for zoning and tax reforms, as well as a community benefit framework. If there are sufficient resources, the environmental and energy resource assessments can be conducted at the same time. The working group can also provide its recommendations for zoning and tax updates at the same time that it shares a community benefits framework tailored to local priorities.

In situations where time is of the essence, the timeline for completing these steps may be shorter when (1) there has been advance collaboration with neighboring counties, (2) there is financial or other support from the state, (3) utilities and industry representatives share information in a transparent way, and (4) neutral, trusted parties help navigate the process.

Local Implementation Considerations

This section explores in more detail some of the implementation considerations and options for local governments as they consider these steps.

1. Form a data center working group

A data center working group can help collect and review information, identify priorities, and advise elected officials and other leaders. A working group can learn about and assess potential benefits and impacts of data centers and collect input from the larger universe of concerned parties. The ultimate goal is to advise elected leaders whether to move forward with data center development and, if so, to develop a credible and representative set of local siting and permitting and community benefits priorities.

A working group comprising a variety of members can improve accountability, durability, and credibility. Neutral experts such as academics or retired officials can provide and help evaluate information, while representatives of local businesses, neighborhoods, civic organizations, faith communities, and other constituencies can provide equally valuable qualitative data points and help narrow down decisionmaking to top priorities. Although the combination of these perspectives can improve durability, local leaders can still anticipate a need for updates at intervals.

The types of topics addressed by a working group—including environmental, economic, and cultural priorities—will be similar across jurisdictions. However, the specifics may vary dramatically based on geography, water resources, existing agricultural versus industrial development, and many other factors. In all cases, the environmental and energy issues associated with data centers are likely to be a significant part of the working group's assessment. Access to engage directly with experts such as utility representatives, along with written analysis, will help the working group first develop a baseline of shared knowledge, and then narrow in on priority issues.

The working group may also consult the broader local public for input. Public engagement and community-informed decisionmaking are key for data centers and the energy sources that serve them. This is not a new concept, and there are many lessons to be learned from other kinds of

infrastructure development. In a 2025 paper on renewable energy [siting and development](#), GCC discussed the importance of early public engagement.² It also plays a central role with electric transmission planning and development.³

Ideally, public engagement is early, broad, and repeated regularly. Importantly, it doesn't wait for a specific project to come along—because at that point, design elements may already be baked in that are not compatible with community priorities. In addition, once a project has been proposed, time may be limited to provide input, and pending state or local proceedings can naturally give rise to adversarial positions. In contrast, if engagement is done early, there is less pressure, more time to set informational baselines, and more opportunities to engage a diversity of opinions without specific rights on the line.

If the community is considering moving forward with some level of data center development, the working group can play a valuable role by developing and distilling a set of top priorities to reflect in zoning and permitting ordinances, as well as community benefits priorities that can serve as a framework for negotiating with specific developers. These products of the working group are discussed further in step five, below, but can be developed throughout the working group process.

2. Assess environmental constraints

Assessments of water availability and quality, air quality, habitat conservation, and other environmental issues are important factors in local decisionmaking, including industrial zoning decisions. Data centers are no exception to this.

However, there can be more robust zoning decisions if multiple local communities, a state, or a region collaboratively evaluate these factors. In addition to cost and time efficiencies, cross-jurisdictional assessments can help to better guide siting to preferred locations, such as brownfields or other previously disturbed areas, that might not have been identified in a smaller geographic scope of analysis. For these reasons, local governments may want to collaborate both with neighbors and with state-level officials to share resources and optimize outcomes. States seeking to support local governments can prepare much of this information in advance.

As these resources become available, local leaders and data center working groups can use the assessments to inform decisionmaking. This type of data can be very helpful prior to initial siting decisions, as well as over time. Updates will be valuable because environmental resources are intrinsically in flux, particularly in an era of climate instability, but also because data centers and other factors may affect those resources over time.

² Georgetown Climate Center, *Local Ordinances to Promote Wind, Solar, and Battery Energy Development*, October 2025, 4, https://www.georgetownclimate.org/files/Local-Ordinances-Report/GCC_Local_Ordinances_Clean_Energy_2025.pdf.

³ See, e.g., Elisabeth Blaug and Nils Nichols, *Recommended Siting Practices for Electric Transmission Developers* (Americans for a Clean Energy Grid, February 2023), <https://cleanenergygrid.org/portfolio/recommended-siting-practices-electric-transmission-developers/>.

Local governments and stakeholders can also make use of general informational resources on data centers. Resources on water include the Congressional Research Service publication entitled “Data Centers and Water: Frequently Asked Questions,”⁴ “Understanding How Data Centers Impact Surface and Ground Water,” by the University of Georgia,⁵ and reports by the non-profit Ceres entitled “Drained by Data” and “Water Behind the Watts.”⁶

Resources on other environmental and energy issues, including pollution from the backup generators that are typically located onsite for data centers, include a study of air pollution from data centers in Virginia by the Virginia Commonwealth University,⁷ one on Texas data centers by Ebrahim Eslami,⁸ and a report by the California Institute of Technology and University of California at Riverside entitled “Health-Informed Computing.”⁹ The report “Sustainable Solutions for Data Centers” by CERES¹⁰ and “Data Centers” by the National Association of Counties also provide helpful information.¹¹

3. Assess energy access

Understanding the availability and location of energy to support data centers can help both state and local policymaking. Not completely different from environmental resources, the availability of electric power and energy infrastructure is limited at any one moment. The limits of the electricity system have rarely been as clear as they are right now, as a rise in energy consumption meets the constraints of an aging electric grid. Market forces and public policy can help move past this bottleneck, but they can’t do so overnight. In the meantime, avoiding shortages by planning ahead can alleviate reliability as well as affordability challenges.

Local governments can coordinate with state energy officials and with the local utility to identify pre-data-center baselines for the energy system. This process can help policymakers develop a sense of how siting a low, medium, or high volume of data centers in the area might impact energy availability and affordability in the near and longer terms. It can point to potential impacts on land use, for example if current interconnection capacity can’t meet the needs of additional energy users and new infrastructure will need to be built. And it can also help to assess potential impacts on air quality and climate policies.

⁴ Nicole Carter et al., July 31, 2026, <https://www.congress.gov/crs-product/R49057>.

⁵ Uttam K. Saha, June 10, 2026,

<https://fieldreport.caes.uga.edu/publications/TP121/how-data-centers-impact-surface-and-ground-waters/>.

⁶ CERES, *Drained by Data: The Cumulative Impact of Data Centers on Centers on Regional Water Stress*, Sept. 2025,

<https://www.ceres.org/resources/reports/drained-by-data-the-cumulative-impact-of-data-centers-on-regional-water-stress>; CERES, *Water Behind the Watts: The Hidden Risk of Power Data Centers*, Aug. 25, 2026,

<https://www.ceres.org/resources/reports/water-behind-the-watts-the-hidden-risk-of-powering-data-centers>.

⁷ https://scholarscompass.vcu.edu/cgi/viewcontent.cgi?article=1003&context=isee_pubs/

⁸ Air Quality and Greenhouse Gas Emissions Assessment of Data Centers in Texas, Sept. 25, 2025, <https://arxiv.org/pdf/2509.21312>

⁹ Yuelin Han et al., *Health-Informed Computing: Estimating and Addressing the Public Health Impact of Data Centers*, June 8, 2026, <https://arxiv.org/pdf/2412.06288>

¹⁰ March 2026, <https://assets.ceres.org/files/sustainable-solutions-for-data-centers-2026-report.pdf>.

¹¹ Feb. 2026, <https://www.naco.org/sites/default/files/2026-02/2026%20Data%20Center%20Primer.pdf>.

Key questions to ask the utility and the state may include:

1. What level of available capacity is there in your area to connect new data centers to the electric system without building a lot more grid infrastructure?
2. Considering the electric system as it stands today in your area, where is the best place to site a facility that is anticipated to consume a lot of electricity?
3. What local solutions could most efficiently reduce the need for energy infrastructure build-out in your area, such as community or rooftop solar, energy storage, residential or commercial demand response, or targeted energy efficiency?
4. If there is already data center development taking place or expected in other parts of your state or region, how might that impact your community? For example, will there be air quality impacts from power plants under development elsewhere that should factor into local priorities? Is new transmission capacity likely to be needed based on developments nearby?
5. What are the latest best practices—such as data center energy efficiency—that can help reduce the scale and impacts of new infrastructure in the area?

As with environmental data, the information developed from these conversations with local utility representatives and energy officials can inform local decisionmaking. Data center working group members and local leaders can use these assessments during prioritization of local land use and economic strategies. And just as with environmental assessments, energy resource assessments can be updated to reflect changes over time, including technological and economic developments.

4. Update zoning and tax ordinances

Many local governments have found that zoning and tax ordinances tailored to data centers are essential. Unless these have been developed in the past few years, they almost certainly don't exist in a given locality, because data center development has become a breakout issue in such a short timeframe. If the locality has already put in place data center-specific ordinances, they may still need updates over time to reflect current priorities and technology improvements, such as water and energy efficiency.¹² The overview of options below is targeted primarily toward localities that have not yet established data center-specific ordinances, with a focus on zoning.

¹² We note that local governments may have limited authority over the types of energy sited for either primary and/or backup generation, depending on the state. See, e.g., Kayla Steinberg, *Court Says Maryland's Public Service Commission Can Overrule Local Objections to Renewable Energy Projects*, Georgetown Environmental Law Review, Feb. 13, 2026, <https://www.law.georgetown.edu/environmental-law-review/blog/court-says-marylands-public-service-com-mission-can-overrule-local-objections-to-renewable-energy-projects/>.

Zoning specifically for data centers

As discussed in a Georgetown Climate Center paper published in 2025, “[Local Ordinances to Help Bring Data Centers into Alignment with Climate Goals](#),” zoning updates are a key tool for local governments to guide data center siting consistent with state and local policy. Charlie Nichols, the Director of Planning and Development for Linn County, Iowa, explored the problems with slotting data centers into existing zoning frameworks in an October 2025 publication of the American Planning Association.¹³ Nichols explains that zoning codes still rarely mention AI or data centers—though this is changing rapidly—and then argues that there is often a mismatch between existing zoning categories and rules that govern facilities such as warehouses, light-industrial, or public utility uses rather than data centers themselves.¹⁴ The differences he cites include continuous operation, heat and noise, and energy and water consumption associated with data centers.¹⁵ Hannah Miet at the Urban Land Institute makes similar points in a 2024 publication called “Local Guidelines for Data Center Development.”¹⁶ Miet also makes the important point that establishing clear rules and expectations for data center siting and operation are important, both for communities and for the data center industry.¹⁷

Even within the same state, data center zoning can vary dramatically by county and municipality. A recent overview of eight data center zoning regulations in Washington State revealed eight different approaches to zoning.¹⁸ Some of the local regulations in Washington State include not only specific zones where data centers can be sited, but also provisions governing data center-related topics like noise, vibration, lighting, building facade, size, and transportation impact fees.¹⁹ In some cases, facilities for cryptocurrency “mining” are treated differently or excluded from certain requirements, and in other cases data centers are treated comparably to warehouses or telecommunications centers.²⁰

While more analysis of evolving zoning best practices is needed, we list here some of the zoning options available for data centers, along with some pros and cons at a high level.

a. Overlay districts

Overlay districts or zones are one tool local governments use to integrate local community concerns, along with smart development principles, into zoning ordinances tailored to data centers. According to the National League of Cities, overlays “can allow local governments to exercise greater control over where and how data centers are built” by adding supplemental

¹³ Charlie Nichols, *The Physical Footprint of Artificial Intelligence*, Zoning Prac. (Am. Plan. Ass'n), Oct. 2025, at 1-11,

<https://planning-org-uploaded-media.s3.amazonaws.com/publication/online/Zoning-Practice-2025-10.pdf>.

¹⁴ *Id.* at 4-5, 7.

¹⁵ *Id.* at 5.

¹⁶ See Hannah Miet, *Local Guidelines for Data Center Development*, Urban Land Institute, 2024, https://knowledge.uli.org/-/media/files/research-reports/2024/uli-data-center-whitepaper_hm_2024-11-12_final-final-round.pdf?rev=ff41e390b3294adb910c24bb5c4e7186&hash=0A052C1D7FB0F9B3A56EC2D97F1ABD3D.

¹⁷ See *id.* at 19.

¹⁸ Leonard Bauer, *How Can Local Governments Prepare for Data Centers?*, Aug. 12, 2026,

¹⁹ See *id.* (section on “zoning regulations”).

²⁰ See *id.*

requirements on top of existing zoning regulations in a given area, such as “requirements related to noise, aesthetics, setbacks, and environmental impact.”²¹

In a 2025 paper, GCC discussed the opportunity for counties to consider creating overlay zones that either incentivize or require measures such as the following:²²

- Incorporate best available energy efficiency;²³
- Cover a percentage of all roofs with solar arrays;
- Utilize battery storage for a minimum percentage of total onsite back-up generation needs in place of the more commonly used diesel generators that impact local public health as well as climate; and
- Provide periodic reporting of energy efficiency and emissions data.

However, any number of other community priorities—like incentivizing data center development on brownfields, for example—can be included in the design of an overlay zone, depending on state law and local circumstances. Local priorities such as setbacks from communities and watersheds, and preservation of prime conservation or agricultural land, can also be readily incorporated into overlay zoning.

Lastly, when creating overlay districts for data centers, it can be helpful to identify places where resources that data centers need, like fiber optic cable and electric transmission or distribution lines, may already exist.

b. Tiered zoning

Some localities are adopting tiered zoning for data centers. Tiered zoning can distinguish between different sizes and scopes of potential impact. For example, DeKalb County, Illinois has adopted a separate tier for data center campuses larger in size than 500,000 square feet.²⁴ In DeKalb, the larger size of these facilities triggers additional review during the permitting process.²⁵ Hypothetically, other factors like water consumption could also trigger distinct treatment, though tiered zoning often features clear categories with limited nuance.

²¹ *Community Strategies to Address Data Center Development and Operation*, National League of Cities and EPI Center, Sept. 2025, at 2, <https://www.aaas.org/sites/default/files/2025-09/Data%20Centers%20Fact%20Sheet%203%20-%20Community%20Strategies%20to%20Address%20Data%20Center%20Development%20and%20Operation.pdf>

²² M. Birchard and N. Burnand, *Local Ordinances to Help Bring Data Centers into Alignment with Climate Goals*, Oct. 2025, at 6, https://www.georgetownclimate.org/files/Local-Ordinances-Report/GCC_Local_Ordinances_Data_Centers_2025.pdf.

f. The extent to which these particular options are available to communities may depend on the authorities reserved for state versus local government decisionmakers.

²³ See, e.g., ASHRAE Standard 90.4 (Energy Standard for Data Centers).

²⁴ AJ Meyers, *Data Center Development and Local Governance Guidelines for Community-Centered Outcomes*, at 10, June 2026, <https://deeptech.duke.edu/project/data-center-development-and-local-governance-guidelines-community-centered-outcomes/>.

²⁵ See *id.*

c. Conditional use or special use zoning or permitting

Conditional use zoning or permitting, also called special use permitting, is an approach commonly taken to distinguish a land use from a “by right” use. If the use is conditional, then it may be permitted subject to review.

Logan County, Colorado, recently adopted extensive special use permit regulations for data centers. Data centers are required to submit an application for a special use permit. In Logan County, these applications should include a wide range of baseline analysis and information.²⁶ This includes a location map, conceptual site plan, impact analysis, decommissioning plan, certification of intent to enter into an interconnection agreement with the relevant utilities, water supply plan, and flooding analysis (if located in a floodplain).²⁷ The local Board of County Commissioners is responsible for evaluating mitigation plans for wildlife impacts.²⁸

d. Zoning and permitting subject to conditions

Like tax incentives with eligibility criteria, a variety of zoning tactics can also incentivize desired practices by offering expedited review—or other incentives—if those practices are adopted. As discussed in GCC’s [2025 paper](#), overlay zones for data centers can incorporate these types of incentives. However, other zoning and permitting approaches—along with tax rules—may also have the flexibility to incorporate conditional incentives. For example, conditional use zoning could allow for expedited review if a data center provides evidence of community consultation, commits to clean, low-emissions primary and backup generation resources, or bases its site design on another data center that has already been reviewed and permitted in the area.

e. Energy parks

One governance option is to consider establishing preferred locations for data centers and energy as a combined set of land uses. There are four main potential benefits to this approach. First, it can help limit data center sprawl, reserving other geographic areas for uses like agriculture, homes and businesses, or conservation. Second, co-development of data centers and their energy sources can help reduce overall infrastructure needs because there is less distance between the points of production and consumption of electricity. Third, co-locating data centers with their energy sources can help to isolate the energy costs caused by data centers, so that other utility customers don’t see unintended bill increases. And fourth, predetermined energy parks designated for these land uses can help to connect data centers to the resources they need more quickly.

An added benefit may be that if the energy source is locally sited, the local government and community members may have more visibility, influence, and tracking capacity regarding the type of primary and backup energy sources used, as well as the number of jobs generated. Communities with clean energy, climate, and pollution reduction goals may be able to achieve those goals at the same time as economic development goals by encouraging the siting of data

²⁶ Logan County Data Center Facility (DCF) Regulations, effect. Feb. 17, 2026, <https://ccionline.org/wp-content/uploads/2026/03/Data-Center-Facility-Regulations.Logan-2-19-2026.pdf?>

²⁷ *Id.* at 5-7.

²⁸ *Id.* at 18.

centers powered by clean primary and backup energy sources, if state law does not preempt local authority over either or both.

The Urban Land Institute (ULI) recommends a comparable approach that ULI describes as a “planned innovation, research, and technology district.”²⁹ While ULI recommends by right zoning for these districts, it is not necessary to forego all project-specific review to encourage park development, though it may help to designate a permitting track for these projects that has clear and specific timelines to provide greater certainty.³⁰ ULI cites Elk Grove Village, Illinois, and Stanford Research Park in Palo Alto, California, as examples of established technology parks.³¹

Developing or updating data center tax programs

State and local tax policy increasingly ties data center incentives to behavior, and some local governments are reducing tax incentives.³² Localities in different states may have different taxing authorities, just as they have different zoning authorities based on state law. Much more analysis exists of state-level tax policy around data centers than local policy, but many analogous approaches can apply at the local level when local powers are similar in nature to state powers. These may include tying incentives to the use or purchase of low- or zero-emissions primary or backup energy technologies and water-efficient technologies including water re-use.

Some states and local governments are also capping or sunseting incentives based on overall data center development goals. Tax increases can accompany development milestones and levels of data center penetration.

5. Establish a community benefits framework

If a community wants to move forward with some level of data center development, once the data center working group has identified the community’s top priorities, it is important to enshrine them in ordinances and a community benefits framework. These can act as a roadmap for developers and provide a basis to negotiate future community benefits agreements.

The data center working group, with input from the community, may choose to identify and document both non-negotiable and negotiable criteria for data center development. Non-negotiable priorities may be incorporated into updated local ordinances, whereas negotiable priorities may be integrated into the negotiation of community benefits agreements.

²⁹ ULI Americas Data Center Product Council, *Local Guidelines for Data Center Development*, Urban Land Institute, 2024, 20, https://knowledge.uli.org/-/media/files/research-reports/2024/uli-data-center-whitepaper_hm_2024-11-12_final-final-round.pdf?rev=ff41e390b3294adb910c24bb5c4e7186&hash=0A052C1D7FB0F9B3A56EC2D97F1ABD3D.

³⁰ *See id.*

³¹ *See id.*

³² *See, e.g.*, Madyson Fitzgerald, Data center tax breaks are on the chopping block in some states, Stateline, Feb. 24, 2026, <https://stateline.org/2026/02/24/data-center-tax-breaks-are-on-the-chopping-block-in-some-states/>.

Non-negotiable priorities could include, for example: (a) use best available water and energy efficiency technologies for HVAC, building envelope, and computing, (b) use low- or zero-emissions technologies for primary and backup generation, (c) report water consumption and air emissions quarterly, and (d) enter into a community benefits agreement that includes at least three listed community benefits. State law may shape which local priorities are enforceable and which may be preempted; for example, a local government may be able to require rooftop solar or backup batteries, but may not be empowered to require zero-emissions primary generation.

As for negotiable community benefits, which can be included in specific community benefits agreements with developers, examples of these types of priorities could hypothetically include: (1) establish an annual fund to support residential weatherization and/or electric bill assistance, (2) partner with a local community college to provide job training, (3) invest in conservation initiatives within town boundaries, and (4) seed a revolving loan program through the town chamber of commerce.

Community priorities that haven't yet been codified,³³ or that don't fit neatly into an ordinance—such as negotiable community benefits—can be posted on a public website, used in local and state proceedings as evidence of local priorities, and provided to developers during negotiations around community benefits. Even the basic step of posting priorities online can serve to establish a baseline for community benefits negotiations and offer a roadmap for developers as they design project proposals.

Conclusion

This paper outlines a framework that local governments can use to assess and prepare for data center development. This framework includes deploying a data center working group that incorporates experts and community stakeholders, developing data-based assessments of environmental and energy issues in consultation with state and county experts, and using the working group's recommendations to inform zoning amendments and a public set of community benefits priorities.

As many states and counties work to address public concerns around data center development, this framework can be modified to meet the local context, including local demographics, geography, economics, and energy and environmental resources. Local governments can also look to state expertise and to similarly situated neighboring localities for data and collaboration.

³³ Practices that can accelerate incorporating priorities into local ordinances include assigning local county, city, or town council-members to a legislative task force that works in parallel to the data center working group, or having such a task force standing by for timely action upon receiving the recommendations of the working group. In some cases, special legislative sessions may be helpful.