

Transparency and Accountability

THE ISSUE

While data center development is rapidly growing nationwide, the lack of public information on their environmental, economic, and community impacts has become a greater hurdle to effectively regulating these projects.

In **some cases, non-disclosure agreements** (NDAs) between developers, utilities, and government officials further obscure projected costs and resource demands, while leaving communities completely unaware of proposed projects. Without proper data, energy and water forecasts become uncertain, often leading to overplanning and costs that get passed down to the ratepayer. Additionally, states are unable to be proactive in developing and implementing data center regulations and policy.

THE TOOLKIT

State and local governments are directly responsible for permitting and licensing the construction and operation of data center facilities, through which they can also mandate disclosure requirements. Disclosed information can range widely, covering impacts to water resources, electric rates, grid reliability, climate targets, air quality, jobs, state budgets, and local environmental impacts. States can require disclosure in applications and renewals for business licenses, construction permits, grid connection requests, CPCNs, water permits, and other broad regulatory processes. Strategies include:

Requiring disclosure of economic, environmental, and community impacts during both the initial applications for permits (e.g., **Georgia HB 528**) and license renewal processes (e.g., **New York A 9086**).

Conducting statewide studies, funded by data center fees, on the impacts of data center development (e.g., **Illinois SB 2181**) and also requiring data centers to conduct their own studies (e.g., **Utah HB 76**).

Requiring data centers to notify impacted communities of upcoming projects and the results from any studies conducted (e.g., **Virginia SB**

1046). Additionally, ensuring that there is ample time for public participation prior to construction (e.g., **New York A 9086**).

Barring the use of non-disclosure agreements (e.g., **Michigan HB 5399**) or only allowing for limited use, such as the inclusion of sunshine provisions (e.g., **NDA Policy in Pima County, Arizona**).

Requiring states and data centers to disclose how much money is received from subsidy programs, alongside facility-specific economic and labor impacts to local communities and the state (e.g., **Nevada NRS 231.0685**).

The benefits of increased transparency will only be fruitful if applied and enforced alongside policies to mitigate adverse impacts to the environment and communities, as explored in Climate XChange's **full collection of toolkits**, addressing impacts to water, electricity affordability and reliability, emissions, and tax and economic justice.

FOR MORE DETAIL ON THESE POLICIES, see our complete **State Data Center Policy Toolkit on Transparency and Accountability**. This work does not assess the wider societal and economic impacts of AI. [Learn more about our approach.](#)