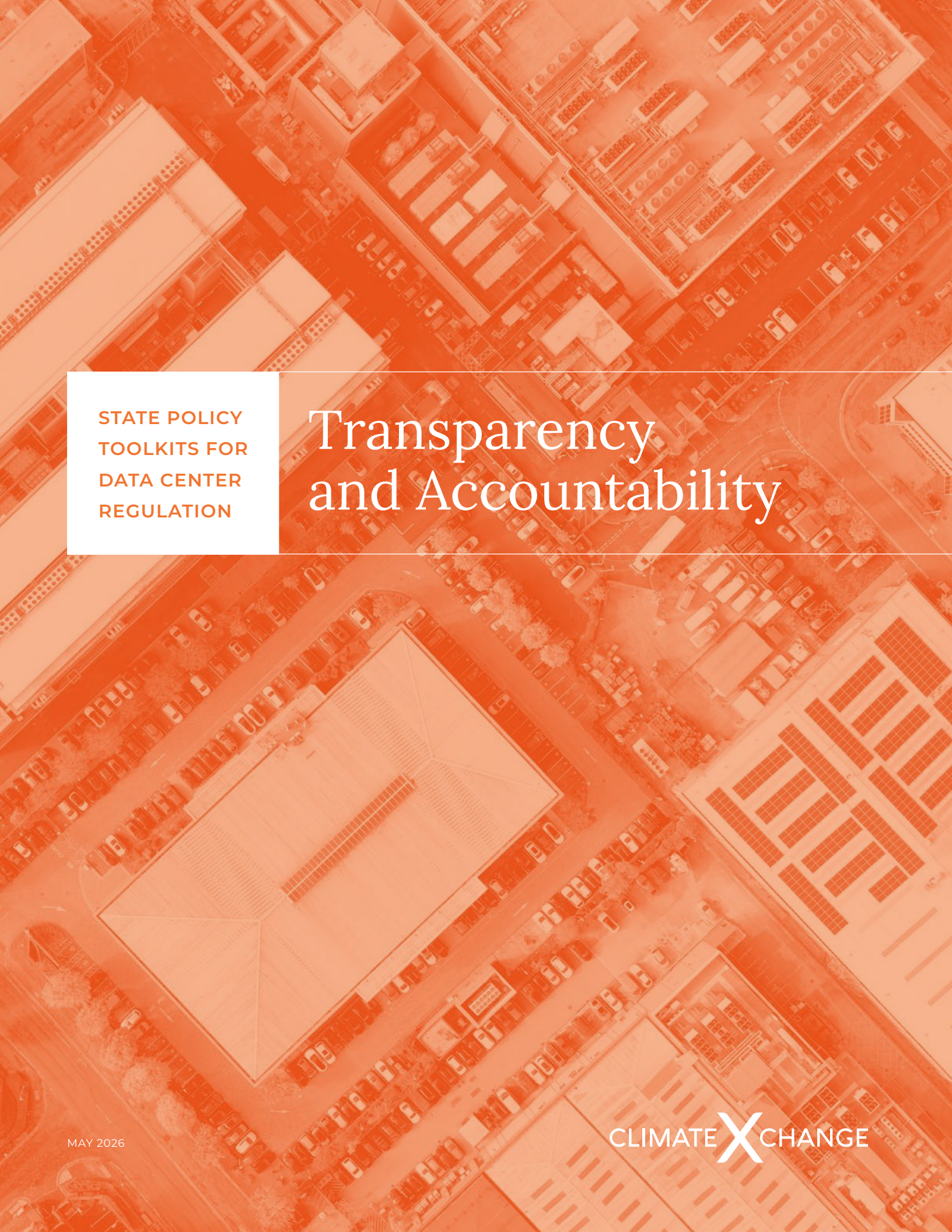

STATE POLICY TOOLKITS FOR DATA CENTER REGULATION

Transparency and Accountability

MAY 2026

CLIMATE X CHANGE

TRANSPARENCY AND ACCOUNTABILITY

About this Toolkit

As data centers spread across the country, they are imposing striking costs on utilities, ratepayers, water authorities, and communities. State governments are looking for new tools to contain the impacts of massive data center spread, including on public health and the climate. This toolkit draws from many examples in 2025 state legislative sessions, during which the Climate XChange team reviewed over **140 bills** addressing data centers across 34 states, as well as emerging examples from 2026.

This resource represents one of five installments in Climate XChange's State Policy Toolkits for Data Center Regulation, which are being released throughout 2026. This document tackles the tools that states can use to address and mitigate the impacts that data centers have on transparency concerns. It should be considered alongside other toolkits describing state policies to address data center impacts on water resources, electricity affordability and reliability, greenhouse gas emissions, and tax and employment justice. Look out for the complete Toolkit Series at Climate XChange's **Resources for Regulating Data Centers Page**.

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With the rapid buildout of data centers across the country, states must have strong policies to prevent their negative impacts on the environment, climate, energy systems, and local communities. Climate XChange's policy toolkits, educational programming, and technical assistance are solely focused on addressing these impacts. Our organization is not involved in advocacy, nor does it have the expertise to assess the broader societal and economic effects of widespread artificial intelligence adoption in the United States.

STATE POLICY TOOLKITS FOR DATA CENTER REGULATION

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TRANSPARENCY AND ACCOUNTABILITY

Introduction

As data center development rapidly increases nationwide, the lack of public information on their environmental, economic, and community impacts is becoming a greater hurdle to effectively regulating these projects. Data centers can have substantial impacts on electricity affordability and reliability, greenhouse gas emissions, local water supplies, air pollution and other environmental challenges, and tax revenue and strategy. As policymakers explore resource and consumer protections to defend against these impacts, progress is limited by access to reliable data. Without greater transparency, states cannot effectively plan for data center growth while protecting local communities, mitigating environmental harm, and holding operators accountable.

The lack of transparency surrounding data centers is often driven by companies wanting to keep "industry secrets" from competitors. **In some cases**, **non-disclosure agreements** (NDAs) between developers, utilities, and government officials further obscure projected costs and resource demands during planning and construction processes. NDAs are becoming an increasingly common and concerning issue in data center development, with many tech companies cutting "**backroom deals**" to build data centers at a record pace. These NDAs **prohibit** state and local governments from publicly disclosing any details associated with data center build out, with the intent of preventing competitors from gathering information on new projects.

While some states and localities have begun working towards barring the use of NDAs, they are largely still a routine practice. In most cases, communities are left completely unaware that a data center is being proposed, let alone the potential impacts associated with its construction and operation. NDAs can also vary in scope, ranging from a facility's location to a specific technology. Additionally, data centers are often **not held to higher standards** than other building developments during the initial permitting process, despite their disproportionate energy and water usage. The combination of NDAs and the lack of specific building standards has created the opportunity for rapid data center construction with little informed opposition from the public or state and local officials.

State and local policymakers require a vast array of information in order to effectively regulate data centers at different levels. For example, electricity sector regulators need a clear view into expected energy demand over time, including when usage will peak, how flexible it can be, and which generation sources may serve the facilities. Otherwise, it would be difficult to engage in long-term grid planning, avoid stranded costs, and minimize the impact of additional data center demand on state climate and energy targets.

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Unfortunately, most states lack that level of transparency requirements, and without **clear forecasting** of future energy demand, utilities are also unable to accurately plan for anticipated energy needs. This uncertainty, combined with likely inflated forecasts, can lead to states expanding or extending the lives of fossil fuel plants, even those already scheduled for retirement, in order to meet rising demand. These lasting decisions threaten state climate and clean energy progress, local air quality, and public health.

Additionally, demand uncertainty may complicate capital planning and lead to stranded investments in the transmission and distribution grids that are built to meet data center demand, which could **raise electric rates for all customers**. This could exacerbate **already skyrocketing costs** for individual ratepayers in many parts of the country, brought on by constrained resources and lack of data center transparency. Beyond the electric sector, states face similar pressures in planning for **water use**, local environmental and public health impacts, and state budget and employment outcomes.

The importance of transparency in assessing and mitigating specific types of impacts is explored more fully, in tandem with tangible regulations to reduce resource usage and protect communities, in other **Climate XChange State Policy Toolkits for Data Center Regulation**. These toolkits address regulating data center impacts to water, electricity affordability and reliability, greenhouse gas emissions, and tax and employment outcomes in greater detail. This toolkit will focus on strategies to ensure policymakers have proper access to information itself, and should be complemented by other toolkits in this series to round out a comprehensive approach across state issues.

TYPES OF DISCLOSURES

One of the main tools for state data center regulation is requiring disclosures on anticipated resource use and community impacts during license and permit application and renewal processes. Each type of disclosure may be useful to all or most regulatory bodies in informing different types of data center policy and regulations. States can require distinct disclosures to inform building code and construction permits, business license applications, zoning approvals, air permits, water permits, Certificates of Public Convenience and Necessity (CPCNs), and interconnection requests to ensure that all data centers operating in the state are subject to holistic regulations.

The table below summarizes different types of information that policymakers may require from data centers, the purpose for the disclosure, where or how that information should be disclosed, and relevant examples of state legislation. Disclosures span many issue areas, including water, electricity, local environmental impacts, tax and employment, and miscellaneous assessment and mitigation outcomes.

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TYPE OF DISCLOSURE	WHY IT MATTERS	RELEVANT PROCESSES OR BODIES	EXAMPLES
Water Withdrawals	Reporting water sources and changes to sources, withdrawal amounts, potential water use conflicts, and impacts to drought or water vulnerability risk are necessary to understand data center impacts on water networks.	Local water use permits	**Virginia HB 2035** (failed, 2025); **Maryland SB 978** (failed, 2025)
Water Usage and Efficiency	Reporting monthly gross and net on-site water consumption, end uses, water usage effectiveness (WUE), water efficiency technologies used, and water usage reduction efforts are necessary to plan for data center water consumption and ensure measures are being taken to reduce water usage.	State or local water discharge permits	**New Jersey S 4143** (failed, 2025); **Virginia HB 2035** (failed, 2025)
Indirect Water Consumption from Energy Production	Data centers that host on-site power generation or contract with specific generators should disclose the water use of those facilities, as this will typically be far higher than on-site water consumption. This data creates an accurate view of the indirect impacts associated with data centers.	Local water use permits, and public interest	**Illinois SB 4016**/ **HB 5513** (proposed, 2026)
Effluent Discharge	Reporting the amount, temperature, and toxicity of discharge; pollutants present in discharge; pollutant prevention efforts; and impacts to the amount and quality of local water supply is essential to regulating water pollution.	State or local water quality division	**Minnesota HF 2928** (proposed, 2026); **Utah HB 76** (enacted, 2026); **Illinois SB 3830** (proposed, 2026)
Water Costs and Infrastructure Impacts	Reporting the costs of providing water service and wastewater treatment (to be estimated before construction), the necessary changes to water infrastructure, and the potential impacts to water rates are necessary to determine the full scope of all short- and long-term costs.	Local water boards and authorities	**Illinois SB 4016**/ **HB 5513** (proposed, 2026)
Study Results	Key to understanding measurable environmental, economic, and community impacts. Reporting requirements should extend to the state, localities, and data center owners that conduct any studies.	Relevant to different stakeholders depending on the type of impact studied	**Virginia SB 1448** (failed, 2025)
Impact Mitigation Efforts	Important to ensuring that data centers are taking the proper measures to reduce any negative impacts and meet state goals. This can include any voluntary or involuntary efforts for energy and water efficiency, emissions reductions, land use, etc.	Relevant to different stakeholders depending on the type of impact mitigated	**Illinois SB 2181** (proposed, 2026)

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ENERGY DISCLOSURES

TYPE OF DISCLOSURE	WHY IT MATTERS	RELEVANT PROCESSES OR BODIES	EXAMPLES
Electricity Consumption Profile	Maximum electricity consumption will influence electricity reliability and affordability for regional customers, particularly as data center demand overlaps with system peaks. Data centers should disclose the peak coincidence of their power demands, how flexible their load may be, and efficiency efforts. States may also demand operational characteristics of on-site resources like batteries.	PUCs in setting contracts, data center tariffs, or other utility planning processes	**Florida HB 1517** (proposed, 2026)
Energy Sources	The types of energy sources serving data centers will influence the GHG emissions attributable to their power demand. States may demand estimated GHG intensity of energy sources serving their load, as well as their location, to verify the deliverability of their power. This may include reporting what sources are on- or off-site.	PUCs in Clean Transition or other green tariffs, statewide GHG and clean energy targets	**New York A.9086** (proposed, 2026)
Redundancy of Interconnection Request	Knowing whether a proposed project is seeking to interconnect in other jurisdictions will influence grid planning.	PUCs monitoring interconnection requests and conducting planning processes	**Texas SB 6** (enacted, 2025); **Texas SB 1641** (failed, 2025); **New Jersey A5462** (failed, 2025)
Backup generation	The type of generator and pollution control technology, operational profiles, and efficiency of backup generation will be key for assessing local air impacts.	State air quality permitting	Minnesota **HF 2928** (proposed, 2026)
Energy Efficiency	Reporting Power Usage Effectiveness, or other metrics for on-site energy efficiency, is key for reducing energy consumption.	Building Codes, Zoning Codes, PUC tariff or contract proceedings	**Maryland SB 0947** (failed, 2025)
Ventilation, Weatherproofing, and Waste Heat	Ventilation and weatherproofing are key metrics for understanding data center power efficiency. Reporting can cover estimated recovered waste heat and methods to reduce heat loss. These factors are also important in ensuring data centers' energy efficiency and effects to surrounding communities.	State and Local Building Codes, PUCs	**New Jersey S 4143** (failed, 2025); **New York A.9086** (proposed, 2026)
Study Results	Key to understanding measurable environmental, economic, and community impacts. Reporting requirements should extend to the state, localities, and data center owners that conduct any studies.	Relevant to different stakeholders depending on the type of impact studied	**Virginia SB 1448** (failed, 2025)
Impact Mitigation Efforts	Important to ensuring that data centers are taking the proper measures to reduce any negative impacts and meet state goals. This can include any voluntary or involuntary efforts for energy and water efficiency, emissions reductions, land use, etc.	Relevant to different stakeholders depending on the type of impact studied	**Illinois SB 2181** (proposed, 2026)

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LOCAL ENVIRONMENTAL IMPACT DISCLOSURES

TYPE OF DISCLOSURE	WHY IT MATTERS	RELEVANT PROCESSES OR BODIES	EXAMPLES
Noise Levels	Data centers produce audible humming from their processors that may violate local noise limits. This noise has the potential to reach decibel levels **unsafe to public health** if exposed long-term.	Local Siting and Zoning Bodies	**Georgia HB 528** (failed, 2025)
Air Emissions	Backup generators and on-site gas turbines at data centers, even when permitted for "emergency use", may operate a substantial percentage of the year and contribute to local air quality concerns.	State Air Quality Permitting	**Virginia SB 285** (failed, 2025)
Efforts to Reduce Fossil Fuel Consumption	Reporting any plans to enlist clean energy sources, either on- or off-site. Using fossil fuel energy sources is one of many contributing factors to high GHGs associated with data centers.	State Air Quality Permitting	**New York A.9086** (proposed, 2026)
Odors	Often associated with GHGs, odors from data centers are an area of contention from surrounding communities.	Local Siting and Zoning Bodies	**Maryland SB 0978** (failed, 2025)
Study Results	Key to understanding measurable environmental, economic, and community impacts. Reporting requirements should extend to the state, localities, and data center owners that conduct any studies.	Relevant to different stakeholders depending on the type of impact studied	**Virginia SB 1448** (failed, 2025)
Impact Mitigation Efforts	Important to ensuring that data centers are taking the proper measures to reduce any negative impacts and meet state goals. This can include any voluntary or involuntary efforts for energy and water efficiency, emissions reductions, land use, etc.	Relevant to different stakeholders depending on the type of impact mitigated	**Illinois SB 2181** (proposed, 2026)
Environmental Impact Assessment (EIA) Results	Key to understanding environmental impacts outside of emissions, energy, and water. Impacts examined in EIAs include those to wildlife and their habitats, soil and groundwater quality, historic and cultural resources, etc.	State siting and air quality permitting, local zoning, and public interest	**Maryland SB 0978** (failed, 2025)

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ECONOMIC DISCLOSURES

TYPE OF DISCLOSURE	WHY IT MATTERS	RELEVANT PROCESSES OR BODIES	EXAMPLES
Taxes Paid	Publicly reporting data center taxes paid is key to having trusted, vetted state data center policy and critical when assessing state budgets.	Public interest, governors and state legislatures for budgets	**Georgia HB 528** (failed, 2025)
Incentives Received	Publicly reporting data center incentives and costs (per project and per recipient) is key to having trusted, vetted state data center policy. Also critical when assessing state budgets.	Public interest, governors and state legislatures for budgets	
Jobs Created, Wages, and Local Labor	Publicly reporting jobs created by data centers and wages paid to workers is key to having trusted, vetted state data center policy.	Public interest, and qualifying for tax incentives	**New York A.9086** (proposed, 2026)
Contracts with the State	If a state uses contracts with data centers, it's important to keep the public informed of specific details of each agreement, such as community benefit agreements and promised subsidies.	Public interest	
Study Results	Key to understanding measurable environmental, economic, and community impacts. Reporting requirements should extend to the state, localities, and data center owners that conduct any studies.	Relevant to different stakeholders depending on the type of impact studied	**Virginia SB 1448** (failed, 2025)
Impact Mitigation Efforts	Important to ensuring that data centers are taking the proper measures to reduce any negative impacts and meet state goals. This can include any voluntary or involuntary efforts for energy and water efficiency, emissions reductions, land use, etc.	Relevant to different stakeholders depending on the type of impact mitigated	**Illinois SB 2181** (proposed, 2026)

Introduction

THE VALUE OF A HOLISTIC APPROACH

Increased transparency must be a part of a holistic approach for data center regulation, allowing states to become proactive in addressing data center deployment, rather than reacting to new developments on a facility-by-facility basis. By requiring early and standardized disclosure of projected energy demand, water consumption, infrastructure upgrade needs, public costs, and associated incentives, policymakers and regulators can evaluate impacts before projects are approved or utility agreements are finalized. This forward-looking approach enables more accurate integrated resource planning, supports responsible cost allocation, and ensures alignment with state climate, energy, reliability, and economic development goals.

Transparency also strengthens coordination between utilities, environmental agencies, and state and local governments. When information is accessible and consistent, states are better equipped to anticipate system strain, protect ratepayers, and set clear expectations for developers from the start. A truly holistic approach also keeps communities in the loop and at the table, allowing for informed, continuous, and meaningful participation that puts public interest at the forefront of conversations.

Each of the toolkits in **Climate XChange's series** makes the case for a holistic approach to data center regulation that considers all of their impacts in tandem, acknowledging the tradeoffs and synergies between different policy goals. Good data center transparency is the foundation for holistic regulation, and multiple types of disclosures should be required across permitting, zoning, and construction processes. This toolkit is therefore foundational to the tools highlighted in the other CXC toolkits, allowing communities, policymakers, and data center owners to share accurate information and fully weigh the benefits and tradeoffs of different regulatory approaches.

THE TOOLS

Requiring Transparency for Data Centers

State and local governments are directly responsible for permitting and licensing the construction and operation of data center facilities, and they can also mandate disclosure requirements through these processes. States can require disclosures in applications and renewals for business licenses, construction permits, grid connection requests, CPCNs, water permits, and other broad regulatory processes.

States may also attach these requirements to incentives, such as streamlined permitting and tax subsidies. However, these should be treated as a last resort over more comprehensive reporting requirements, as they will not cover all facilities operating in the state and may attract more facilities that contribute to additional adverse resource and transparency impacts.

The disclosure of the aforementioned topics allows the state to determine areas where data centers may cause adverse impacts and where increased regulation may be necessary. Disclosing the impacts of data center development is the most important strategy to tackling transparency, while subsequent strategies in this toolkit strengthen disclosures by closing loopholes, increasing engagement, and expanding research and analysis of data center development. The bills listed in this toolkit are illustrative of ways transparency can be addressed, but state-specific issues should take precedence, as these are not exhaustive of all the ways states can approach these strategies.

FIVE STRATEGIES TO REQUIRE TRANSPARENCY AND ACCOUNTABILITY FOR DATA CENTER CONSTRUCTION AND OPERATION

State tools to ensure data center practices are transparent fall into the following strategies:

1. Requiring disclosures during the initial application and renewal of data center licenses and permits.
2. Requiring states and data centers to conduct or fund studies that dive deeper into facilities' impacts.
3. Requiring public notification and participation in pre-construction processes.
4. Prohibiting state and local officials from signing NDAs with data center developers.
5. Requiring states to disclose how much money is flowing into data center subsidies.

STRATEGY ONE

Require disclosures during the initial application and renewal of data center licenses and permits.

During the application process for operational licensing and permitting, states should require data centers to provide detailed, forward-looking disclosures about their ***anticipated resource consumption*** *and community impacts so regulators and residents can fully evaluate proposed projects before approval (for more on community notification, see Strategy 3). Disclosures do not need to include proprietary materials, however, protections for trade secrets should not cover information related to adverse environmental, economic, or community impacts.*

Applicants should also estimate associated greenhouse gas emissions and explain any mitigation strategies, such as renewable energy procurement, on-site generation, or battery storage. In addition, states should require reporting on projected water usage for cooling systems, particularly in water-stressed regions, along with assessments of impacts on local water supplies and plans for conservation or recycled water use. Beyond environmental effects, applicants should disclose anticipated economic and social impacts, including job creation, tax payments, cost of operations, and incentives they plan to utilize. See the tables in the Types of Disclosures section of this toolkit for a wider list of information that can be disclosed in these processes.

LEGISLATIVE EXAMPLES

Georgia HB 528 (failed, 2025)
Prior to entering into a contract for tax incentives or applying for a governmental permit, and annually thereafter, data centers must report community impacts, water discharge and consumption, energy usage and peak load, amount of taxes paid, and noise level. Any information disclosed is not considered confidential and should be publicly available on the department's website.

New York A 9086 (proposed, 2026)
Prior to approval for a required construction permit, data centers must report expected annual and daily water consumption.

Aside from the initial permitting process, states can expand reporting requirements on an ongoing basis through business or other operational licensing renewals. This can be done on an annual, quarterly, or monthly basis, and extend into requiring estimates of future resource usage and impact mitigation data. Consistent reporting would allow states to properly plan for long-term impacts associated with data center development, specifically for energy demand forecasting. Additional requirements should be added for the responsible agency to make all

reported data publicly available. Information can be stored on the responsible agency's website, or in some cases data center clearinghouse sites can be developed.

LEGISLATIVE EXAMPLES

Virginia SB 1353 (failed, 2025)
Requires data center operators to submit quarterly reports to the Department of Environmental Quality (DEQ) related to energy and water consumption. The bill requires that all reports are uploaded to the statewide clearinghouse website and made available to the public. The DEQ must also convene a work group aimed at identifying any other pertinent data that should also be made available.

Pennsylvania HB 2150 (proposed, 2026)
Requires annual reporting of energy sources and usage, water consumption and use, and measures taken to improve efficiency. The bill also includes requirements to report estimated energy and water usage by month for the upcoming year.

New York A 9086 (proposed, 2026)
Data centers must report any efforts made to decrease energy, fossil fuel, and water consumption each year. Disclosures must also include waste heat released, employment outcomes, and community impacts. The commission has 10 days to post all reports on its website.

Any data center that does not comply with disclosure requirements should be fined each day the report is late or otherwise penalized, such as through cutting subsidies or other incentives. All funds collected from noncompliance should be used towards the administrative costs of regulation and disclosure, including keeping public database websites in service, or other statewide programs related to mitigating data center impacts, such as low-income utility assistance or infrastructure upgrades.

LEGISLATIVE EXAMPLES

Illinois SB 2181 (proposed, 2026)
Stipulates a $10,000 fee for failing to comply with reporting provisions, which would be deposited into the Energy Efficiency Trust Fund.

Pennsylvania HB 2150 (proposed, 2026)
A data center that fails to comply with reporting requirements would be subject to a $10,000 fine for each day the report is late. Penalties will be used towards the low-income electric customer assistance program.

In some cases, disclosures from data center projects themselves will not be sufficient to assess the impact data centers may have on the community. More in-depth studies may be required, led by state or local actors (as outlined in Strategy 2), or further regulations may be necessary to protect the state's resources. In the interim, states may impose moratoria on new data center projects, particularly where **resource use and community impacts are of highest concern**, until a combination of project disclosures, impacts studies, and robust regulations can lead to an informed outcome.

LEGISLATIVE EXAMPLES

Minnesota SF 4298 (proposed, 2026)
Places a moratorium until one year after the Public Utility Commission releases its study assessing the various impacts of data centers.

Maine LD 307 (vetoed, 2026)
Would ban data center development for facilities larger than 20 megawatts until November 2027.

STRATEGY TWO

Require states and data centers to conduct or fund studies that dive deeper into facilities' impacts.

States should commission independent studies that dive deeper into short and long-term environmental and community impacts of data centers, with all study costs covered by companies operating both existing and planned data centers.

Studies should look into environmental, economic, fiscal, grid, and emission impacts across the state. The results of these studies should be made publicly available, and should be used to inform future regulations.

LEGISLATIVE EXAMPLES

Virginia JLARC Commission Resolution (2023)
Commissioned a **study** that looked at local tax revenue, initial economic impacts, energy demand, infrastructure investments needed, energy generation mix, consumer impacts, emissions, water usage, noise, and loopholes in existing tax exemption policies.

Texas SB 6 (enacted, 2025)
Established a flat study fee for large load customers of at least $100,000 for initial transmission screening studies, with provisions for additional fees if more capacity is requested.

Virginia SB 1448 (failed, 2025)
Would require the state to convene a regulatory advisory panel to assess cumulative impacts, funded by fees collected from the facilities themselves.

Illinois SB 2181 (proposed, 2026)
Would require data centers to annually report monthly water consumption and end uses, including water used for cooling, as well as usage reduction efforts, to the Illinois Power Agency. The Agency must make aggregated and anonymized data publicly available and publish an annual report summarizing data center water consumption trends, with legislative recommendations to address issues. The Agency must also conduct a study on the environmental, energy, and rate impacts from data centers in the state and identify potential legislation to mitigate impacts, drawing from best practices in other states.

States can also require data centers to conduct internal studies that look into estimated water and energy consumption and operational costs, in both the short and long-term. States can require that data centers report the conclusions of these studies and make the information available to the public. States should use the findings from these studies to inform regulations and other mitigation strategies.

LEGISLATIVE EXAMPLE

Utah HB 76 (enacted, 2026)
Would require large data centers to report estimated water withdrawals, discharge treatment plans and necessary temperature adjustments, and water reuse or watershed replacement plans before construction.

STRATEGY THREE

Require public notification and participation in pre-construction processes.

*States should require that localities or owners **properly notify and engage communities** that would be impacted by a proposed data center. The process would ideally occur throughout pre-construction impact analyses and permitting processes to ensure adequate participation in conversations around community impacts and benefits. Notifications should extend to cover upcoming public hearings throughout the permitting process that are open to public comment. Permits should also be open to public comment. Proper notification can also be required on an ongoing basis for any impacts that will be continuous (e.g., noise).*

Policymakers can include specific metrics for engagement or outreach that operators need to meet to receive operational permits. Such provisions could include a certain number of town hall community engagement meetings, as well as required timelines and methods for providing public notice and incorporating public comment. Outreach **methods** should not only be designed to give communities opportunities to engage, but should also educate the public on associated impacts, especially to the environment.

LEGISLATIVE EXAMPLES

Virginia SB 1046 (failed, 2025)
Requires that data centers maintain a website that informs communities when backup generators will be in operation to ensure public awareness of noise impacts. It also includes requirements that a data center should notify and hold two neighborhood meetings for residents within a half-mile radius of the parcel.

Maryland SB 978 (failed, 2025)
Would require that data center permit applications include public health and environmental impact and mitigation measures, with a final existing burden report reviewed by public officials and open for public comment.

New York A 9086 (proposed, 2026)
Requires data centers to host two public meetings, one of which needs to be in the impacted community, where study findings and any efforts to reduce negative economic, environmental, and community impacts must be discussed. A 30 day notice of the hearings must also be provided using print and digital media platforms.

States can develop a statewide clearinghouse website or post all data on the responsible agency's website. These sites can also serve as dedicated notification platforms of public comment periods or upcoming town hall meetings. Data center fees and fines from non-compliance can fund the operation of these sites.

LEGISLATIVE EXAMPLE

Virginia HB 2035 (failed, 2025)
Directs the Department of Environmental Quality to publish data centers' quarterly reports on a publicly accessible clearinghouse for information relating to high-energy facilities operating in the state.

STRATEGY FOUR

Prohibit state and local officials from signing NDAs with data center developers.

NDAs are one of many tactics employed by developers to avoid anything that could slow data center development. States should ***ban officials from entering any NDAs*** *with data center applicants that are in the bidding and construction process for a new development. Policymakers can include legislative provisions that prohibit key development details from being subject to NDAs and, as such, remain subject to public oversight from the start. These provisions may include negotiations over tax incentives, land use approvals, infrastructure upgrades, and utility commitments. Specifically, this would keep communities aware of new development proposals in their area.*

In exceptional cases, legislation may permit **limited use of NDAs** for trade secrets, such as specific technology being used in the facility for general operation and water and energy efficiency. However, in these circumstances, it should expressly bar provisions that cover matters directly affecting the public, environmental impacts, or taxpayer-funded incentives.

LEGISLATIVE EXAMPLES

California AB 1370 (enacted, 2025)
Prohibits elected officials from entering NDAs relating to the drafting, negotiation, or discussion of proposed data center projects. However, the bill does give exceptions to trade secrets, which can include energy trade secrets, financial information, or proprietary information.

Michigan HB 5399 (proposed, 2025)
Bans an elected official of a political subdivision from entering into a NDA with any company looking to construct a data center. The bill would impose a $1,000 fine on any officials that violate this provision.

Illinois SB 1947 (failed, 2023)
Bars any governmental official from entering into a contract that keeps any information confidential for any economic development project that includes a tax incentive.

States can also consider other limited use cases by adding sunshine provisions for NDAs, which requires a period of open public comment. The sunshine period alleviates data centers' concerns of proprietary information being leaked in the early planning stages of a project, while ensuring the public remains informed, by allowing for a period of private negotiations followed by a period of public comment before details are finalized. This should last no less than 90 days and begin before any final approvals.

LEGISLATIVE EXAMPLE

Non-Disclosure Agreement Policy in Pima County, Arizona (2025)
While no state-level examples use this method, this agreement updates the county's NDA policy to require a 90 day sunshine period prior to a project's final approval or county level voting begins.

STRATEGY FIVE

Require states to disclose how much money is flowing into data center subsidies.

While subsidies for data centers are not ideal, many states do provide incentives for data center development. These states should publicly disclose the total amount of subsidies each project receives. Many of these subsidies are offered under the guise of economic growth, with little data on how taxpayer money is being spent. In fact, most states are ***losing money on these incentives****, budgets have been affected, and communities are not seeing the promised job growth or other economic benefits.*

Subsidy disclosures should include a list of which companies and facilities are receiving incentives and how much they're receiving. In addition, states should break down the specific types of subsidies being offered—such as property tax abatements, sales tax exemptions, infrastructure grants, or discounted utility rates—so the public can understand the full scope of financial support being provided to each recipient. Reporting should also clarify the duration of these incentives, annual costs of each incentive program, and the projected long-term cost to state and local budgets.

EXAMPLES

Nevada NRS 231.0685 (revised, 2025)
Each odd-numbered year, the Office of Economic Development must prepare a report for any facility that received abatements from taxes covering jobs, wages, and subsidies related to data centers operating in the state. Nevada also posts online bi-annual reports which include incentive payments, jobs, wages, and investment of each data center recipient.

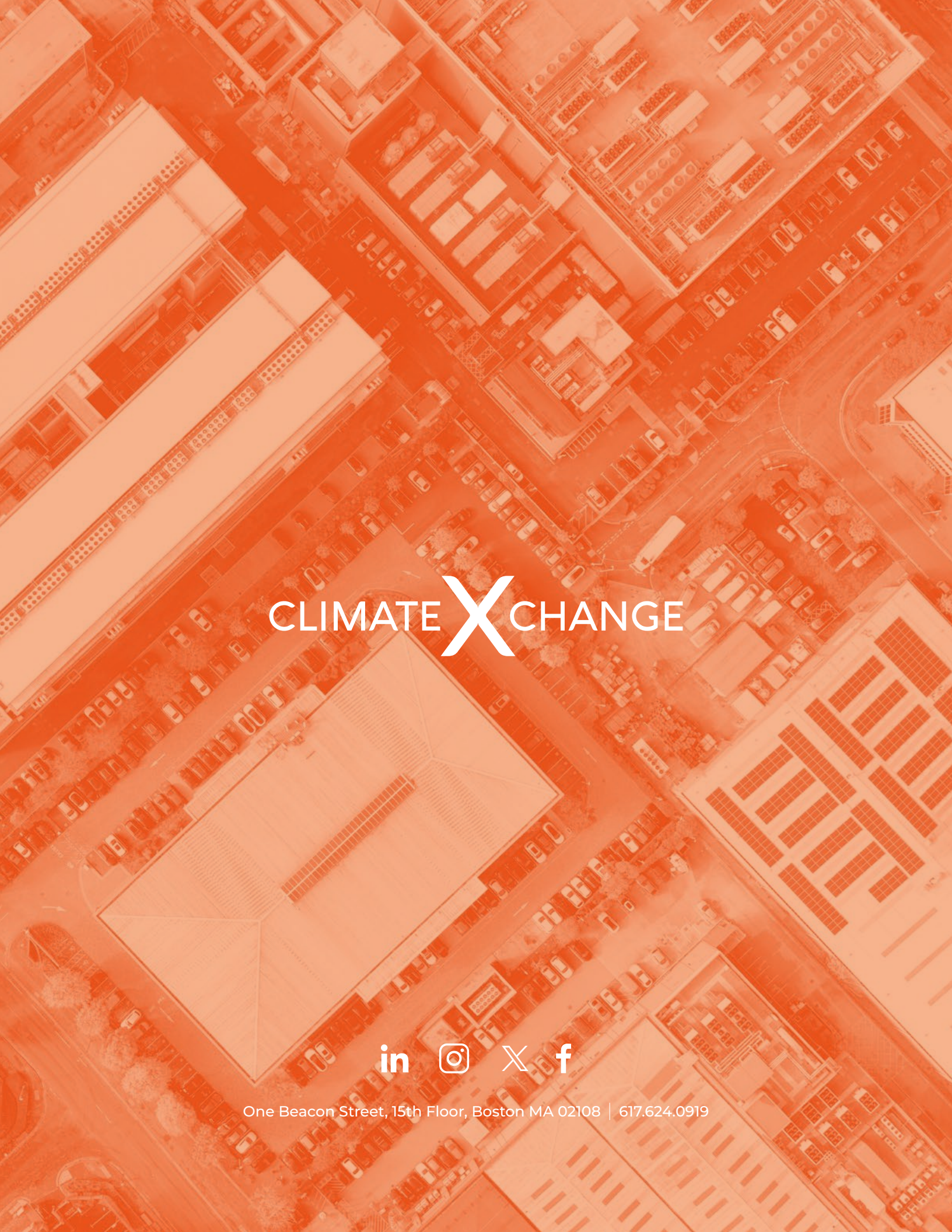
Indiana Economic Development Corporation's (IEDC) Transparency Portal
Publishes contracts the state has with data center projects, including the subsidies they have received.

Data center companies should also be responsible for providing transparency into the incentives they receive. Disclosures to state agencies should include jobs created in both the short- and long-term, wages, other benefits, and contracts to give a full picture of economic impacts at least once a year. Companies should also explicitly state the location of a project and the ultimate beneficiaries (or corporate parents).

Conclusion

Overall, data center transparency is a growing topic of concern, with 18 states introducing legislation in 2025 requiring reporting on the impacts of data centers and at least 30 bills introduced in 2026. Of the 18 states that introduced transparency legislation in 2025, only three states passed the bills out of the legislature—**Maine LD 307**, **California AB 1370**, and **Texas SB 6**. Many states have specifically applied these tactics to water and energy consumption, with little successful efforts to broaden the horizon into other issue areas related to economic impacts, tax subsidies, and local noise and odors.

While there has been some success in increased disclosures through the permitting and licensing processes (Strategy 1), little attention has been given to the other strategies presented in this toolkit, which are particularly important in closing loopholes and providing opportunities for meaningful public participation. Continuing to strengthen reporting requirements is critical, but can only be successful by requiring studies that look at long-term impacts, closing NDA loopholes, and requiring public notification and engagement. However, 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 other policy toolkits on **electricity reliability and affordability**, **water use**, emissions, and tax and employment.



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