



DON'T PULL THE PLUG

A BETTER BLUEPRINT FOR OHIO'S DATA CENTER FUTURE

BY ASWIN PRABHAKAR
GREG R. LAWSON

SEPTEMBER 15, 2026

Introduction

The rapid proliferation of data center development has sparked intense debates in local communities across the country. The industry has signed multibillion-dollar infrastructure financing deals, while facing public opposition and scrutiny¹ for allegedly raising electricity prices, overusing water resources, paving vital farmland, and using secretive non-disclosure agreements (NDA)² to bully landowners and local councils. Data center developers have lost public and political trust and America's foreign adversaries are actively amplifying the negative publicity.³

In Ohio, gubernatorial candidates have proposed competing moratoriums on new data center development, and some lawmakers recommend imposing local referendum requirements and regulatory rules that will apply only to data centers. These solutions would be short-sighted mistakes.

The public and its civic leaders are right to voice concerns about the costs—fiscal and otherwise—created by data center development. But those costs and how to pay them should be considered carefully before abandoning a burgeoning technology that holds great promise for Ohio's economy and the country's national security.⁴ Data centers are the infrastructural backbone that supports computing and artificial intelligence (AI). The United States must continue investing in that infrastructure and those industries or risk economic and military weakness.

¹ Robert J. Szczerba, **\$130 Billion In AI Data Centers Stalled The Bottleneck Is Consent**, *Forbes*, July 22, 2026.

² Drew Hawkins, **NDAs are hiding data center deals, drawing ire from locals — and attention from lawmakers**, NPR, August 27, 2026.

³ Steven Lee Myers and Dustin Volz, **China, Russia and Others Seek to Inflamm Debate Over A.I. Data Centers**, *The New York Times*, July 9, 2026.

⁴ Alex Haag, **The State of AI Competition in Advanced Economies**, FEDS Notes, Board of Governors of the Federal Reserve System, October 6, 2025.

As that investment is made, state and local governments should address the problems data centers pose as they do when other new technologies and industries arise: with transparency, predictability, and a regulatory code that applies broadly to address specific risks and harms, not industries. Economic research has demonstrated that predictable institutions and credible government commitments matter for investment and growth.⁵ Rather than restrict lawful investment and sow doubt that Ohio's rules will remain fair and stable, policymakers should employ current regulatory bodies like the Public Utilities Commission of Ohio (PUCO), the Ohio Environmental Protection Agency, and local zoning boards to address electricity costs, environmental risks, facility siting, and other legitimate public concerns. The goal should be to regulate and mitigate foreseeable risks without unnecessarily discouraging—or killing—investment in a vital new industry.

Responding to the Public's Data Center Concerns

In addition to the public's unease with AI and data collection generally, the public has expressed more specific concerns about how data centers affect power grids, electricity prices, water, land, and jobs. Some worries may be overstated or begin from a faulty premise and the industry should address them, but legitimate concerns must be answered with sound public policies that will mitigate environmental harms and community costs.

The public has blamed rising residential electricity prices on the proliferation of data centers and AI rollouts, for example.⁶ But the Institute for Energy Research found no statistically significant relationship between data center concentration and electricity prices or price growth.⁷ So, although data centers increase demand for electricity they are not necessarily the primary cause of rising electricity prices. The more likely culprits for higher electricity bills include broader inflation, restricted power supply, and higher transmission costs.⁸ In the PJM region, the Biden Administration's environmental regulations shuttered reliable power plants and delayed new generation sources and transmission lines just as the need for more data centers emerged.⁹ Rising demand for electricity hit a market with shrinking supply and slow replacement capacity. Electricity prices rose accordingly. Removing regulatory barriers to power supply would allow utilities to meet data center demand more quickly and slow or lower rising prices.

Unable to unilaterally repeal federal regulations, Ohio has wisely moved to increase non-grid-based electricity generation. The state has already approved more than 2,000 MW of behind-the-

⁵ Douglass C. North and Barry R. Weingast, "**Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth-Century England**," *Journal of Economic History* 49, no. 4 (1989), p. 803–832.

⁶ Valerie Volcovici and Jason Lange, **Americans wary of AI-driven data center boom, Reuters/Ipsos poll shows**, Reuters, June 11, 2026.

⁷ Thomas J. Pyle and Daniel Simmons, **Have Data Centers Driven Up Electricity Prices? The State-Level Data Don't Support the Narrative**, Institute for Energy Research, March 19, 2026.

⁸ U.S. Energy Information Administration, **Retail Electricity Prices Closely Tracked Inflation Over the Last 10 Years**, Today in Energy, September 11, 2024.

⁹ PJM Interconnection, **2024 in Review: PJM Markets Adapting for Energy Transition**, PJM Inside Lines, January 6, 2025.

meter generation for data centers, with several thousand additional megawatts being planned.¹⁰ And for grid-connected projects, American Electric Power requires large new customers—like data centers—to pay for at least 85 percent of their contracted capacity for 12 years, reducing the risk that households and other customers will ultimately pay for failed infrastructure projects.¹¹

Water use is another common objection to data center construction. But that concern is misplaced. Most water associated with data centers is not consumed on-site but is instead tied to the electricity generation they require. Direct water use inside data centers accounts for about 0.04 percent of total U.S. water usage.¹² Ohio’s abundant water resources and permitting requirements make water use a manageable concern rather than a reason to stop development.

Some communities have voiced understandable concern that data centers are taking over tillable farms. But all data center property in the United States, including land surrounding the facilities, is projected to occupy roughly 1,400 square miles by 2028, or only about 0.3 percent of the country’s prime farmland. And even as farmed acreage declines, U.S. agricultural output continues to rise,¹³ so data centers repurposing agrarian fields are not responsible for rising food prices. To further assuage the concern, however, Ohio can steer some data center development toward brownfields and former industrial sites. Since 2021, the Brownfield Remediation Program has supported more than 900 projects—including data centers—across 87 counties.¹⁴¹⁵ But brownfield revitalization often carries cleanup costs, liability risks, and lengthy development timelines. Rather than requiring data centers to use those sites, Ohio should reduce regulatory barriers and allow landowners and developers to decide which locations will work best.

Public concerns about data centers also include fears that AI—the driving force behind much of their construction—will displace workers. Those concerns should not be dismissed. But research has found little evidence of widespread employment losses from AI so far.¹⁶ The longer-term effects remain uncertain as businesses adopt increasingly capable AI systems. But restricting data center construction is a poor way for Ohio to protect workers from displacement. AI adoption will continue in other states and countries regardless of where the infrastructure is built. Restricting data centers could therefore push investment and jobs elsewhere without shielding Ohio workers from technological change. On the other hand, welcoming data center investment will help create jobs and economic activity in the near term. And, if needed, data center economic activity could fund future workforce training and other distributional policies.

¹⁰ Molly Bryden, **Data Centers Slow Ohio’s Clean Energy Transition**, Policy Matters Ohio, June 26, 2026.

¹¹ **AEP Ohio Proposal on Data Centers to Protect Ohio Consumers Adopted by PUCO**, AEP Ohio press release, July 9, 2025.

¹² Andy Masley, **The AI water issue is fake**, Substack, October 11, 2025.

¹³ Andy Masley, **Data center land use issues are fake**, Substack, May 2, 2026.

¹⁴ **Brownfield Remediation Program**, Ohio Department of Development, 2026.

¹⁵ **Aligned Data Centers Expands North American Footprint with New Hyperscale Campus in Northeast Ohio**, Aligned Data Centers press release, September 23, 2023.

¹⁶ Ivan Yotzov et al., **Firm Data on AI**, Working Paper, National Bureau of Economic Research, March 2026; and Natalia Emanuel, Emma Harrington, and Amanda Pallais, **Remote Work Leaves Younger Workers Sidelined**, Liberty Street Economics, Federal Reserve Bank of New York, June 1, 2026.

Policy Proposals

Ohio lawmakers and gubernatorial candidates have proposed new restrictions on data center development, with all three candidates advocating some form of temporary moratorium.

Candidate	Position	Conditions for Lifting the Moratorium
Amy Acton (D)	Conditional moratorium on new data centers	Cover 100 percent of gas, water, and electricity costs; build and maintain exclusively with union labor; no NDAs; meet Ohio environmental standards; community benefit agreements; build on brownfields rather than farmland. ¹⁷
Vivek Ramaswamy (R)	Day-one executive order halting new approvals until the legislature codifies specific conditions	Data centers must lower nearby residents' electric bills to zero through power or compensation; pay full property taxes with no abatements; meet strict air and water standards while prioritizing brownfield and industrial sites. ¹⁸
Don Kissick (L)	Immediate moratorium on every project that has not broken ground until statewide standards adopted	Ban eminent domain for data center projects; ban NDAs; end special tax incentives; require centers to generate or procure their own new power capacity; require closed-loop cooling. ¹⁹

Several concerns behind the candidates' proposals are already being addressed. Ohio's data center tariff and recent PUCO actions, for example, should keep the costs of serving large new demand loads from falling on other customers; and data center development is already subject to state and federal environmental rules. Calls to prioritize placing data centers on brownfields and industrial sites can be answered by removing barriers to brownfield development rather than make it a condition for building.²⁰

In the General Assembly, Ohio House Bill 983 proposes requiring local referendums for new data centers, imposing industry-specific environmental rules, ending future tax abatements, requiring facilities to generate their own power, and voiding some existing agreements.²¹ These new requirements are unnecessary. Ohio already regulates water pollution and industrial spills, and

¹⁷ Jeremy Pelzer, **Ohio governor candidate Amy Acton calls for sweeping restrictions on new data centers**, Cleveland.com, Jul. 27, 2026

¹⁸ Vivek Ramaswamy, **Your electricity will be free, taxes slashed under my data center plan | Ramaswamy**, *The Columbus Dispatch*, August 6, 2026.

¹⁹ Jeremy Pelzer, **Ohio governor candidate calls for 'immediate moratorium' on new data centers**, Cleveland.com, August 12, 2026.

²⁰ **Revitalization-Ready Guide — Chapter 4: Reuse Plan**, U.S. Environmental Protection Agency, 2026.

²¹ **H.B. 983**, 136th General Assembly (Ohio 2026).

any genuine gap in those rules should apply to every facility handling the same chemicals. A data-center-only regulatory regime does not solve a unique environmental problem posed by an industry—it merely adds a regulatory layer for one. Similarly, the referendum requirement adds an approval hurdle that other large businesses do not face. If a project risks or causes specific harm, Ohio should regulate that harm directly rather than require data center developers to go navigate a separate regulatory gauntlet.

Targeted Regulation

Ohio should regulate data centers the same way it regulates other large industrial users: make facilities bear the costs they impose; and regulate risks and harms, not an industry.

Data centers should, for example, pay for costs they impose on a community's power grid. If a new data center requires grid upgrades, the project should pay for them, not other customers. AEP Ohio's large-load tariff, with minimum-demand charges and financial guarantees, provides a useful model.²² Ohio should also preserve provisions in Ohio House Bill 15 that allow data centers to build or procure their own power generation. Data center siting and environmental concerns should be handled through the same regulatory regime applied to other industries. Noise and land use belong in clear local zoning rules. Water use, spills, wastewater, and other environmental risks should be regulated based on the activity and pollutants involved. If gaps appear in Ohio's rules, the state should fill the gaps across all industries, not only data centers. Similarly, Ohio should tax data centers like other industrial businesses, requiring them to pay ordinary property taxes that support local services and infrastructure. At the same time, Ohio should maintain its sales-and-use tax exemption for data center equipment, so it does not tax the inputs required to make the investment.

Ohio should also take steps to ensure that data center development occurs transparently. To ease community concerns, future agreements between local governments and data center developers should not hide behind nondisclosure agreements. Communities should see the basic terms of a proposed project, including its infrastructure needs, water and power demands, local commitments, and any changes required to accommodate it. Without that information, residents and local officials cannot fairly determine whether a project is a good fit for the community.

Why Ohio Should Compete for Data Center Investment

Data centers are among the most capital-intensive projects being built in the United States. They have large construction budgets, require substantial investment in equipment and infrastructure, and offer a tax base that can support local governments and schools for years. In Mecklenburg County, Virginia, for example, property tax revenue from Microsoft's data centers helped finance

²² **Data Center Tariff**, AEP Ohio, July 2025 (last visited, September 1, 2026); and Natalie Mims Frick et al., **Electricity Rate Designs for Large Loads: Evolving Practices and Opportunities 2026 Update**, Lawrence Berkeley National Laboratory, August 2026.

a \$154 million high school and middle school complex without raising local taxes.²³ Ohio can attract data center investment and reap similar local tax revenues by maintaining a stable, predictable regulatory environment for the industry.

Even larger community benefits may follow the initial development investment. Data centers require reliable power, high-capacity fiber cable networks, electrical equipment, engineers, construction workers, technicians, and ancillary firms capable of servicing complex facilities. As those capabilities concentrate in one region, the cost of the next capital investment declines. Suppliers have a reason to locate nearby, workers acquire skills that can be used across projects, and infrastructure built for one customer can make the region more attractive to the next. Economists refer to these gains from related, concentrated economic activity as agglomeration effects.²⁴ And those effects extend beyond data centers. Cheap access to computing capacity, dense fiber cable networks, reliable power, and a workforce accustomed to building and maintaining advanced infrastructure can make Ohio more attractive to AI companies, research facilities, manufacturers, and other power- and computing-intensive industries. Large data center projects create demand for electricians, HVAC technicians, construction trades, network technicians, and other skilled labor. Firms like Meta and Google are already investing to expand that workforce, with Meta launching a \$115 million skilled-trades training program in Ohio and other pilot states, and Google committing \$50 million to similar training nationwide.²⁵ Workers gain valuable skills and credentials that can increase their earnings and improve their job prospects,²⁶ while Ohio employers benefit from a larger pool of trained labor.

Large new electricity loads can also be beneficial. If Ohio requires data centers to pay for the infrastructure they require, sustained demand can support new generation and grid investment without shifting those costs to existing customers. Over time, a larger customer base can spread fixed system costs across more electricity sales.²⁷ So, policymakers should look for ways to allocate costs correctly, not to prevent new electricity loads from arriving.

Governments are notoriously bad at predicting which industries, companies, and technologies will succeed, and which will fail. And policymakers cannot possibly know how AI use will evolve or which parts of the AI economy will create the most economic value for communities ten or twenty years from now. And that is all the more reason to allow rather than prohibit data center investment. Data centers provide the physical infrastructure on which future computing and AI activity will depend. Whether that capacity proves essential for national security, entertainment, medicine, or education, providing responsible access to advanced computing and high-security

²³ Grace Mamon, **Data centers can bring high-paying jobs and millions in tax revenue. Is that what Southside will get?**, Cardinal News, April 10, 2025.

²⁴ Fernando E. Alvarez, David Argente, Joyce Chow and Diana Van Patten, **Data Centers and Local Economies in the Age of AI: A Shift—Share Approach**, working paper, National Bureau of Economic Research, May 2026.

²⁵ **America’s Workforce Academy: The Future Is for Everyone**, Meta press release, June 8, 2026; and Maggie Johnson, **Growing the next generation of American workers**, Blog.Google, June 11, 2026.

²⁶ Lawrence F. Katz et. al., **“Why Do Sectoral Employment Programs Work? Lessons from WorkAdvance,”** *Journal of Labor Economics* 40, no. S1, April 2022.

²⁷ Diego Rivera Rivota et al., **The Effects of Load Growth on Electricity Prices in the United States: A Literature Review**, Center on Global Energy Policy, June 23, 2026.

AI facilities²⁸ will give Ohio a chance to attract capital and labor for any number of rising industries; imposing a data center moratorium directs that opportunity elsewhere.

Conclusion

Ohio policymakers should not dismiss legitimate public concerns about data centers, but they should reject moratoriums on their construction. The state and local governments should make large electricity customers pay for the infrastructure they require so those costs are not borne by other residents and small businesses. Water use can be managed through current permitting and environmental rules. Land-use concerns can be addressed with local zoning ordinances and by streamlining and incentivizing brownfield redevelopment. Future data center development agreements should be transparent and made public so communities can compare and assess deal terms properly. None of the concerns raised by data center critics require a statewide moratorium.

Capital intensive investments like data centers should be governed by clear, predictable rules. There is no “investment switch” that policymakers can turn on and off at their convenience. Policymakers who assume otherwise put Ohio’s regulatory reputation and economic future at risk. Ohio spent years building a predictable regulatory environment that helped attract data centers before generative AI became a major industry. A data center moratorium would weaken that advantage and make tech companies less confident that the state’s rules can be trusted. A better, more responsible approach would increase industry transparency, require industry beneficiaries to bear the risks and costs of their own making, and maintain regulatory integrity across sectors so that communities and developers can rely on a fair process for approving the next data center that comes to town.

²⁸ **National Security Presidential Memorandum/NSPM-11: Artificial Intelligence in the National Security Enterprise**, The White House, June 5, 2026.

About the Authors

Aswin Prabhakar is an economic research analyst at The Buckeye Institute, where he conducts original research on Ohio's energy, innovation, and tax policies and their impact on the state's economy.

Greg R. Lawson is a senior research fellow at The Buckeye Institute and serves as Buckeye's liaison to officials in the legislative and executive branches, and educates policymakers on free-market solutions to Ohio's challenges. He is an expert on local government reform, state and local taxes, Ohio's budget, and Medicaid, education, and transportation funding.



THE BUCKEYE INSTITUTE

88 East Broad Street, Suite 1300

Columbus, Ohio 43215

(614) 224-4422

BuckeyeInstitute.org

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