AMERICAN ECONOMIC LIBERTIES PROJECT

How to Rein in Big Tech's Secret Data Center Deals

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The dominant tech firms Meta, Microsoft, Amazon, and Google have said they intend to spend $320 billion on infrastructure in 2025. This is more than twice what they spent two years ago. The bulk of that money is being put toward new data centers,[1] which house the servers that store, process, and distribute online data, and are increasingly powering artificial intelligence–related operations. As they proliferate across the country, their exorbitant power and water needs are straining the capacity of local utility systems. According to Bloomberg, wholesale electricity prices are up 267 percent in the last five years in areas near data centers.[2]

Many, if not all, of these data centers will also be subsidized by taxpayers, directly siphoning resources away from local communities. Supporters say this extraction is justified by economic development promises — promises that research shows will almost certainly not materialize. Instead of sustained employment growth and ancillary economic development, communities can expect few permanent jobs and even fewer knock-on economic effects.

To prevent sufficient public input into these extractive arrangements, data-center end users such as Google, Meta, and Amazon employ broad nondisclosure agreements (NDAs) that prevent public officials — such as city council members, mayors, state legislators, or public economic development officials — from divulging many pertinent details of these development deals, including the identity of the project's end user.

In short, Big Tech's building spree will place new strains and costs on local communities, while providing questionable benefits to residents and taxpayers, all under a corrupt regime of secret agreements that excludes the public from participating in any debate. But, as this policy brief will describe, there are several steps state and local lawmakers can take to bring these secret deals to light and provide more transparency and accountability to Big Tech's actions in their communities.

[1] Metz, Cade, "The A.I. Frenzy Is Escalating. Again.," *The New York Times*, June 27, 2025, https://www.nytimes.com/2025/06/27/technology/ai-spending-openai-amazon-meta.html.
[2] Saul, Josh, Leonardo Nicoletti, Demetrios Pogkas, Dina Bass and Naureen Malik, "AI Data Centers Are Sending Power Bills Soaring," Bloomberg, Sept. 29, 2025 https://www.bloomberg.com/graphics/2025-ai-data-centers-electricity-prices/

How Data Centers Foist Costs onto the Public

Data centers extract resources from the public in multiple ways. The best known is via direct subsidies. There are 32 states currently providing monetary incentives to corporations that set up data centers within their borders, usually by exempting them from sales or use taxes on the materials used in construction and maintenance, or by providing property tax abatements.[3] These incentives have been employed by the dominant tech corporations — Apple, Google, Amazon, Microsoft, and Facebook — among others to expand their data center footprints.

The largest individual deals include:

- **Amazon** received up to **$8 billion** in various incentives for a data center complex in Indiana in 2024 – more than the state's FY24 state funding for health and human services ($5.7 billion).
- **Amazon** received **$1 billion** in tax incentives from Morrow County, Oregon, to build five data centers in 2023 – enough to fund the entire county's budget ($84,790,532) for almost over 11 years.
- **Meta** received **$687.6 million** in tax incentives for a Texas data center in 2023. (In the form of city and county tax abatement in El Paso) – enough to fund the El Paso Fire Department ($157.39 budget) for 4 years.
- **Meta** received **$355 million** for a data center in Georgia in 2020 (from the Joint Development Authority of Jasper, Morgan, Newton and Walton counties) – enough to cover the combined fire budgets of all four counties ($21,523,599) for 16 years.
- **Google** received **$376.8 million** for a data center in Oklahoma in 2007 – enough to fund the state's Department of Health ($64,737,964) for 5 years.
- **Apple** received **$320 million** for a data center in North Carolina in 2009 – enough to fund the state's entire social services budget ($238,942,261) for more than a year.
- **Apple** received **$214 million** for a data center in Iowa in 2017 (Mostly from the city of Waukee) – enough to fund the Waukee Police Department (FY25 budget: $6,681,550) for 30 years.[4]

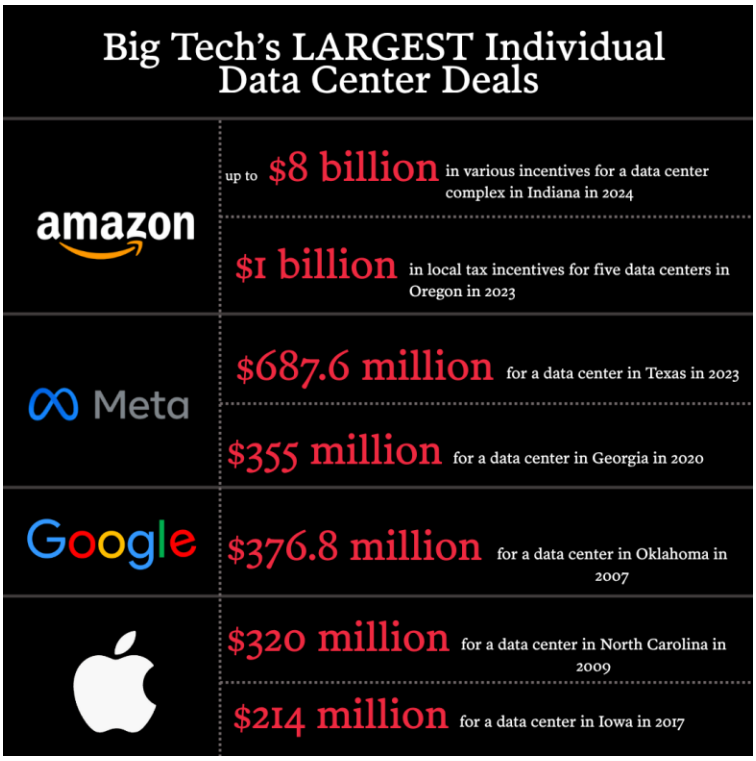
Many programs provide financial incentives to data center operators that last several decades. For example, Indiana's subsidy program allows benefits to be paid out for 50 years, while others, such as Wisconsin's, have no time limits.[5]

These incentives can — and almost always do — cause significant revenue loss for state and local taxpayers, even as some jurisdictions see increased property tax revenue when data centers occupy previously undeveloped land. For example, the state comptroller in Virginia — the largest hub for

[3] LeRoy, Greg, and Kasia Tarczynska, "Cloudy With a Loss of Spending Control: How Data Centers Are Endangering State Budgets," Good Jobs First, April 2025, https://goodjobsfirst.org/wp-content/uploads/2025/04/Cloudy-with-a-Loss-of-Spending-Control-How-Data-Centers-Are-Endangering-State-Budgets.pdf.
[4] Good Jobs First Subsidy Tracker, accessed Aug. 6, 2025. https://subsidytracker.goodjobsfirst.org/
[5] Wright, Scott, Alla Raykin, and Laurin E. McDonald, "Tricks and Traps of Data Center State Tax Incentives," TaxNotes, Jan. 1, 2024, https://www.taxnotes.com/special-reports/tax-technology/tricks-and-traps-data-center-state-tax-incentives/2023/12/28/7hmb7.

data centers in America — estimated a loss of $750 million in tax revenue in 2023 alone due to data center incentives.[6] Ten states already lose more than $100 million per year due to data center handouts.[7]

Furthermore, no state caps the amount it can spend under its data center tax incentive program, nor does any state limit the amount any single corporation can claim. It follows that increased data center buildout will ultimately result in increased budgetary costs to states and localities with no mechanism for reining them in. For example, in February 2023, the Texas state comptroller estimated that data center subsidy costs in 2025 would be $130 million. In fact, the actual 2025 tab is more than seven times that number, with the state losing out on $1 billion in revenues due to the increasing number of data centers under construction, with no hard stop on how much it will shell out in incentives to construct even more of these facilities.



Tech firms and their allies argue for these incentives by claiming their facilities create high-quality jobs and make states more attractive for other high-tech businesses.[8] But these claims are simply not true. While building data centers does create a boost in the number of short-term local construction jobs, very few people work in them permanently. Instead, the typical data center requires just 30 to 50 employees, or perhaps twice that at a large facility.[9] The combination of the few permanent positions created and the long length of many subsidy agreements means the public costs of data center subsidies mount very quickly. In 2016, Good Jobs First analyzed 11 data center subsidy deals with dominant tech firms and found that the average cost per job created was $1.95 million.[10] In addition, there is no evidence that data centers provide ancillary economic development benefits, as few businesses want to locate next to large, boxy, often noisy facilities. There is also no independent evidence that data centers attract other tech-related investment.

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[6] Saijel Kishan, "'It's a Money Loser': Tax Breaks for Data Centers are Under Fire," *Bloomberg*, https://www.bloomberg.com/news/articles/2024-05-09/ai-boom-has-some-states-rethinking-subsidies-for-data-centers.
[7] LeRoy, Greg, and Kasia Tarczynska, "Cloudy With a Loss of Spending Control: How Data Centers Are Endangering State Budgets," Good Jobs First, April 2025, https://goodjobsfirst.org/wp-content/uploads/2025/04/Cloudy-with-a-Loss-of-Spending-Control-How-Data-Centers-Are-Endangering-State-Budgets.pdf.
[8] Garofalo, Pat, "Inside Big Tech's Absurd Data Center Pitch," Boondoggle, March 10, 2022, https://boondoggle.substack.com/p/inside-big-techs-absurd-data-center.
[9] Dotan, Tom, "The AI Data-Center Boom Is a Job-Creation Bust," *The Wall Street Journal*, Feb. 25, 2025, https://www.wsj.com/tech/ai-data-center-job-creation-48038b67.
[10] Kasia Tarczynska, "Money Lost to the Cloud: How Data Centers Benefit From State and Local Government Subsidies," Good Jobs First, October 2016, https://www.goodjobsfirst.org/sites/default/files/docs/pdf/datacenters.pdf.

The second common avenue for data centers to push costs onto the public is through their demand for utilities. Data centers require vast amounts of power and water, and those related to AI require significantly more than those that don't support AI-related operations.[11] The Department of Energy estimates that data center energy usage could triple, consuming 12 percent of total electricity usage, by 2028.[12] Las Vegas, Phoenix, Dallas/Fort Worth, and Atlanta, in particular, will require extensive new power supplies to meet planned data center capacity.[13]

Data center operators use their bulk purchasing power as leverage to extract payment concessions from local governments and utilities regulators, such as a 10 percent discount on energy Google received for one data center in Minnesota.[14] Similarly, Google received a deal from Mesa, Arizona, that would have had it pay nearly 50 percent less for water than residential customers.[15]

Utilities will likely recoup these costs by increasing rates for residential ratepayers. As Eliza Martin and Ari Peskoe of the Environment and Energy Law Program at Harvard Law School recently noted, "A special contract shifts costs to other ratepayers when the customer pays the utility a price lower than the utility's costs to serve that customer. To cover the shortfall, utilities will attempt to raise rates for other ratepayers in a subsequent rate case."[16]

Moreover, data center operators often refuse to divulge exactly how much water they anticipate a specific data center will need, claiming that such information is proprietary, making it functionally impossible for local officials to understand the financial and environmental impacts of the deals to which they are agreeing.[17] This is particularly important as the bulk of the currently planned data center growth will occur in the Western United States, particularly Nevada, Utah, and Arizona, where there is questionable capacity to absorb new power and water demands.[18]

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[11] Stansbury, Martin, et al., "Can US infrastructure keep up with the AI economy?," Deloitte Research Center for Energy and Industrials, June 24, 2025, https://www.deloitte.com/us/en/insights/industry/power-and-utilities/data-center-infrastructure-artificial-intelligence.html.
[12] Shehabi, Arman, et al., "2024 United States Data Center Energy Usage Report," Lawrence Berkeley National Laboratory, Report #: LBNL-2001637, http://dx.doi.org/10.71468/P1WC7Q.
[13] Barringer, Felicity, "Thirsty for power and water, AI-crunching data centers sprout across the West," & the West, April 8, 2025, https://andthewest.stanford.edu/2025/thirsty-for-power-and-water-ai-crunching-data-centers-sprout-across-the-west/.
[14] Mya Frazier, "When Big Tech Goes Green, Taxpayers Help Foot the Bill," Bloomberg BusinessWeek, Feb. 28, 2020, https://www.bloomberg.com/news/articles/2020-02-28/when-google-goes-green-taxpayers-help-big-tech-foot-the-bill.
[15] Olson, Eric, Anne Grau, and Taylor Tipton, "Data centers draining resources in water-stressed communities," *Dallas Morning News*, May 6, 2024, https://www.dallasnews.com/opinion/commentary/2024/05/06/data-centers-are-draining-resources-in-water-stressed-communities/.
[16] Martin, Eliza, and Ari Peskoe, "Extracting Profits from the Public: How Utility Ratepayers Are Paying for Big Tech's Power," Environment and Energy Law Program, Harvard Law School, March 2025, https://eelp.law.harvard.edu/wp-content/uploads/2025/03/Harvard-ELI-Extracting-Profits-from-the-Public.pdf.
[17] Garofalo, Pat, "Water Is Life, and Also a Trade Secret," Boondoggle, Nov. 3, 2021, https://boondoggle.substack.com/p/water-is-life-and-also-a-trade-secret; Chari, Maya, "Are Data Centers Depleting the Southwest's Water and Energy Resources?," APM Research Lab, Feb. 27, 2025, https://www.apmresearchlab.org/10x/data-centers-resource.
[18] Barringer, Felicity, "Thirsty for power and water, AI-crunching data centers sprout across the West," & the West, April 8, 2025, https://andthewest.stanford.edu/2025/thirsty-for-power-and-water-ai-crunching-data-centers-sprout-across-the-west/.

How NDAs Facilitate Extraction

Data center operators — like many corporations negotiating local economic development deals — employ nondisclosure agreements to prevent elected officials from divulging many details publicly about the facilities during the planning process, often including such crucial facts as the identity of the corporation that will own the data center or how much power or water it will require.[19] These agreements also prevent elected officials who did not sign them from receiving key details about data center projects, even as they're expected to potentially vote to approve the data center's construction.

In a survey by researchers from University of Mary Washington, of the 31 Virginia communities with existing, approved, or proposed data center negotiations, 25 were covered by NDAs — and that's likely an undercount, as public records laws and other restrictions often block disclosure of these contracts.[20] These NDAs are very broad and remain in force for years, binding elected officials to keep corporate secrets no matter what their constituents ask or whether or not it is in their best interests. (For a deeper discussion of the harms of nondisclosure agreements in economic development more broadly, see Economic Liberties' report "Ban Secret Deals: How Secret Corporate Subsidy Deals Harm Communities, and What to Do About It."[21]) Data center operators in several states have also argued successfully that nondisclosure agreements prohibiting the divulging of proprietary corporate information should be applied to their water and power usage.[22][23]

As a result of this secrecy, these agreements impede informed public input or feedback ahead of government bodies approving new data center construction. In Tucson, Arizona, for example, a proposed Amazon Web Services data center was known only as "Project Blue." Residents and elected officials did not know Amazon's identity until a document was mistakenly sent to a local journalist a month after the vote.[24] County supervisors say they did not receive relevant information regarding the identity of the data center's end user, the data center's environmental impact, or its impact on utilities before they voted to approve the project.[25] (It was subsequently blocked by the Tucson City Council, and county supervisors then reformed their NDA process.)

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[19] Garofalo, Pat, and Katelyn Coghlan, "Ban Secret Deals: How Secret Corporate Subsidy Deals Harm Communities, and What to Do About It," American Economic Liberties Project and Fight Corporate Monopolies, July 2022, https://nda-coalition-prod.s3.amazonaws.com/media/documents/2022-July-BanSecretDealsBrief-FINAL.pdf.

[20] Bonds, Eric, and Viktor Newby, "Data centers, non-disclosure agreements and democracy," *The Virginia Mercury*, April 30, 2025, https://virginiamercury.com/2025/04/30/data-centers-non-disclosure-agreements-and-democracy/.

[21] Ibid.

[22] Dwoskin, Elizabeth, "Google reaped millions in tax breaks as it secretly expanded its real estate footprint across the U.S.," *The Washington Post*, Feb. 15, 2019, https://www.washingtonpost.com/business/economy/google-reaped-millions-of-tax-breaks-as-it-secretly-expanded-its-real-estate-footprint-across-the-us/2019/02/15/7912e10e-3136-11e9-813a-0ab2f17e305b_story.html.

[23] Sattiraju, Nikitha, "The Secret Cost of Google's Data Centers: Billions of Gallons of Water to Cool Servers," *Time*, April 2, 2020, https://time.com/5814276/google-data-centers-water/.

[24] Kunichoff, Yana, and John Washington, "Amazon Web Services is company behind Tucson's Project Blue, according to 2023 county memo," Arizona Luminaria, July 21, 2025, https://azluminaria.org/2025/07/21/amazon-web-services-is-company-behind-tucsons-project-blue-according-to-2023-county-memo/.

[25] Kunichoff, Yana, and John Washington, "Public officials reconsider NDA process amid Project Blue outrage," Arizona Luminaria, Aug. 4, 2025, https://azluminaria.org/2025/08/04/project-blue-nda-policy-secrecy/; Cree, Hannah, "Supervisors move to draft new economic development policies following Project Blue approval," AZPM, July 2, 2025, https://news.azpm.org/s/101220-supervisors-move-to-draft-new-economic-development-policies-following-project-blue-approval/.

Other communities — from Indiana to Alabama to Oregon — have had similar experiences, with nondisclosure agreements preventing the public airing of key details regarding data center development.[26] In the absence of such information, political organizing and strategizing becomes significantly more difficult, as does assessing the budgetary impact of a particular data center. This is likely the intention: Corporations such as Google have admitted in other contexts that economic development nondisclosure agreements are explicitly designed to preempt public feedback on potentially unpopular projects.

Policy Recommendations

There are several steps state, county, and local elected officials can take to ensure that data center deals are transparent and that data center operators cannot unfairly foist costs onto local communities without their knowledge.

- **Ban nondisclosure agreements in economic development deals.** States and localities have the power to bar elected officials or economic development officials from signing nondisclosure agreements with individual corporations, including data center operators. Both New York[27] and Michigan[28] have passed legislation to do so in one state legislative chamber. The Pima County, Arizona, Board of Supervisors, meanwhile, approved useful reforms to ensure NDAs do not prevent full disclosure of project details within 90 days of a public vote, and cannot contain provisions banning the disclosure of information related to the potential usage of public resources such as power and water.[29]
- **Abolish data center subsidies** where possible, or severely restrict them in terms of dollar amounts, duration, and the amount any one corporation can claim where they remain in force. If state legislators are concerned about unilaterally ending their programs, they could work with lawmakers in other states on an interstate compact limiting their use, as well as the use of other corporate tax incentives.[30]
- **Require public hearings with full transparency ahead of votes.** State and local lawmakers should require that any public elected or appointed body considering approvals for data

[26] See, for example, Anderson, Farrah, "How confidentiality agreements around a proposed data center could impact Indianapolis' development," WFYI Indianapolis, June 25, 2025, https://www.wfyi.org/news/articles/how-confidentiality-agreements-around-a-proposed-data-center-could-impact-indianapolis-development; Hedgepeth, Lee, and Lanier Isom, "Alabamians Want Answers About a Four-Million-Square-Foot Data Center Coming to Their Backyards," Inside Climate News, May 11, 2025, https://insideclimatenews.org/news/11052025/bessemer-alabama-proposed-data-center/; Garofalo, Pat, "How Amazon, Google and Other Companies Exploit NDAs," *The New York Times*, June 29, 2021, https://www.nytimes.com/2021/06/29/opinion/nda-amazon-google-facebook.html; and Dwoskin, Elizabeth, "Google reaped millions in tax breaks as it secretly expanded its real estate footprint across the U.S.," *The Washington Post*, Feb. 15, 2019, https://www.washingtonpost.com/business/economy/google-reaped-millions-of-tax-breaks-as-it-secretly-expanded-its-real-estate-footprint-across-the-us/2019/02/15/7912e10e-3136-11e9-813a-0ab2f17e305b_story.html.

[27] NY Senate Bill 373 (2025-2026), https://www.nysenate.gov/legislation/bills/2025/S373#:~:text=2025%2DS373%20(ACTIVE)%20%2D%20Summary,behalf%20of%20such%20governmental%20entity.

[28] MI House Bills 4052 and 4053 (2025), https://www.legislature.mi.gov/Bills/Bill?ObjectName=2025-HB-4052.

[29] "Memorandum: 'Additional Information for Board of Supervisors September 2, 2025, Agenda Item #11 on Non-Disclosure Agreement Policy,'" Pima County Board of Supervisors, Aug. 28, 2025, https://content.civicplus.com/api/assets/4b19bce7-3583-4966-a52a-56dc89b01b51.

[30] Garofalo, Pat, "What You Need to Know About the Interstate Compact Against Corporate Tax Giveaways," American Economic Liberties Project, April 26, 2021, https://www.economicliberties.us/our-work/what-you-need-to-know-about-the-interstate-compact-against-corporate-tax-giveaways/.

centers — including zoning and planning commissions and city or county councils — include a 90-day notice period, along with full posting of materials related to the deal. (This is a best practice that should also be applied more broadly.)

- **Require full disclosure of power and water needs and regulate special discounts.** State lawmakers should affirm that data center water and power usage totals are not protected from state public records law or Freedom of Information Act requests (or similar state law) and are not subject to broader economic development nondisclosure agreements. They should also direct utilities regulators, such as public service commissions, to establish firm guidelines regarding when utility cost discounts are in the public interest.

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