Impacts of Data Centers on Rural Communities
Written Testimony for House Committee on Small Businesses Hearing on
Empowering Rural America Through Investment in Innovation
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The rapid expansion of data centers across the United States, driven by the AI boom, presents one of the biggest environmental and social challenges of our generation, moving forward faster than regulators can keep up, while exacerbating existing societal challenges and creating new ones.

Communities across the United States are increasingly questioning the environmental, energy, and social consequences of rapid data center expansion.[1] Local organizers often confront opaque development processes, nondisclosure agreements, and a lack of accessible public data, making meaningful participation and oversight difficult.[2] Yet despite this, local action is brewing anywhere where these data centers are taking root.

Food & Water Watch recently led a letter calling for a moratorium on AI data centers, which was endorsed by over 230 organizations from across the country, to push back on efforts to expand the industry with little to no oversight.[3] We need a moratorium on data centers until there is adequate time and space to develop a regulatory regime that protects the public from massive and unsustainable consumption by data centers of energy and water resources, and skyrocking utility costs for families and small businesses.

Before the AI boom, fossil fuels were warming our climate to unsustainable levels, threatening our food, water, and public health. The AI driven data center frenzy is like dousing a fire with gasoline. It is significantly increasing demand for energy, driving fossil fuel pollution, while at the same time driving up electricity prices and straining water resources across the country. This is on top of the significant and long term impacts that AI is having on society including lost jobs, social instability, and furthering concentration of wealth at an unimaginable scale.

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[1] Hendrix, Justin. “Across the US, activists are organizing to oppose data centers.” *Tech Policy Press.* September 14, 2025.
[2] Hendrix, Justin. “Across the US, activists are organizing to oppose data centers.” *Tech Policy Press.* September 14, 2025; Media Justice. “The People Say No: Resisting Data Centers in the South.” *Media Justice.* September 2025 at 11.
[3] Food & Water Watch, National Data Center Moratorium Now. 12/08/2025

According to the nonprofit Media Justice, roughly $200 billion in data center projects are underway across the U.S. South, making the region a major growth hub. Many county governments have struck deals with Big Tech despite significant resource demands, offering tax breaks, incentives, and even touting low unionization rates as an advantage to avoid organized labor opposition.[4] To meet rising energy needs, fossil fuel plants and nuclear reactors are being expanded or restarted across the South, with two large scale pipelines already under construction.[5] The Southern Environmental Law Center (SELC) has documented a surge of methane gas projects, including a proposal by the Transcontinental Gas Pipe Line Company to build one of the nation's largest methane pipelines from Virginia to Alabama.[6] Methane is a "super pollutant," posing severe risks to public health and the climate.[7]

Beyond air pollution, SELC notes that these projects are increasing electricity costs for Southern households, which already face some of the highest monthly bills in the country. Electricity rates have risen more than 33% since January 2020, and local governments are increasingly attributing these increases to data center demand.[8]

Illinois has emerged as a major data center hub, with expansion spreading beyond Chicago into rural areas in search of cheap land, water, and energy.[9] Similar trends are unfolding across the Midwest, where rezoning farmland for data centers raises environmental, land-use, and economic concerns.[10] The Wisconsin Farm Bureau Federation has warned that data center development threatens farmland preservation and long-term land values.[11] 'Farm lost is farmland lost forever' is a midwestern expression borne out of this crisis.[12]

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[4] Media Justice. "The People Say No: Resisting Data Centers in the South." *Media Justice.* September 2025 at 27.
[5] Media Justice. "The People Say No: Resisting Data Centers in the South." *Media Justice.* September 2025 at 1 and 6.
[6] Media Justice. "The People Say No: Resisting Data Centers in the South." *Media Justice.* September 2025 at 1 and 6.
[7] Gross, Liza. "New tool maps the health impacts of toxic air pollutants released with methane in super-emitter events." *Inside Climate News.* August 26, 2025; World Resources Insitute. "Next generation NDCs." Available at https://www.wri.org/ndcs/resources/methane-and-other-super-pollutants. Accessed November 2025.
[8] Media Justice. "The People Say No: Resisting Data Centers in the South." *Media Justice.* September 2025 at 26 and 12.
[9] Cosier, Susan. "As data centers proliferate across Illinois, communities grapple with how to supply necessary water." *Inside Climate News.* June 16, 2025; Adams, Andrew. "Pritzker touts Illinois' economic development at data center groundbreaking." *Capital News Illinois.* October 2, 2024.
[10] Underwood, Alexia. "As the data center boom ramps up in the rural midwest, what should communities expect?" *Inside Climate News.* October 28, 2025.
[11] Wisconsin Farm Bureau. "Data center impacts on agriculture." Available at https://wfbf.com/policy/current-issues/data-center-impacts-on-agriculture/. Accessed December 2025.
[12] Underwood, Alexia. "As the data center boom ramps up in the rural midwest, what should communities expect?" *Inside Climate News.* October 28, 2025.

In one rural Wisconsin village, residents faced a proposed third Microsoft data center that would have rezoned 245 acres.[13] Microsoft ultimately scrapped the plan in October after sustained local opposition, though it continues to invest over $7 billion in two nearby projects in Mount Pleasant, each requiring up to 8.4 million gallons of water annually.[14] The Alliance for the Great Lakes has cautioned that data centers could strain an unprepared water supply across the region, noting that Great Lakes states lack the legal authority to restrict groundwater withdrawals before environmental damage occurs.[15]

The administration has announced support for nearly limitless expansion of an unregulated new industry that is already disorienting our lives, which his recent executive order on AI will only exacerbate.[16] Impacts include AI algorithms pushing extremist rhetoric, the near elimination of whole job categories for those just entering the workforce, depletion and pollution of water, taking farm land, and disruption of communities across the country. The AI boom comes as the crypto rush remains in overdrive - another resource hungry industry, lacking in social utility, that creates economic instability while driving wealth concentration.

There has been extensive coverage of the date centers driving price increases, including recent coverage in the New York Times.[17] A Bloomberg analysis of wholesale electricity prices (the price paid by utilities to power plants) found that 70 percent of locations with year to year price increases were within 50 miles of significant data center activity while locations with year to year price decreases were much further from data centers.[18] One location near significant data center activity experienced a 267 percent increase in monthly wholesale prices in just one year.[19] The Department of Energy predicts that data centers will consume 12% of the nation's electricity by 2028, driving up rates across the board.[20]

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[13] Bria, Jones. "Microsoft Caledonia data center plans; residents voice frustration." *Fox6 Milwaukee.* September 24, 2025.
[14] Schulz, Joe. "Microsoft scraps plan for Caledonia data center site, working to find an alternate location." *Wisconsin Public Radio.* October 8, 2025; Casey, Evan. "Microsoft announces $4B investment in second data center in Racine county." *Wisconsin Public Radio.* September 18, 2025; Kaeding, Danielle. "Microsoft data centers will use up to 8.4 million gallons of water each year, records show." *Wisconsin Public Radio.* Updated September 18, 2025.
[15] https://greatlakes.org/wp-content/uploads/2025/08/AGL_WaterUse_Report_Aug2025_Factsheet.pdf
[16] Food & Water Watch, Trump's AI Order Seeks to Strip States' Rights to protect themselves; Will Mean more Polluting Data Centers. Dec 11, 2026
[17] Chen, David, "'The New Price of Eggs'The Political Shocks of Data Centers and Electric Bills," *New York Times*, November 30, 2025.
[18] Saul, Josh. "AI data centers are sending power bills soaring." *Bloomberg.* September 29, 2025.
[19] Saul, Josh. "AI data centers are sending power bills soaring." *Bloomberg.* September 29, 2025.
[20] Shehabi, Arman et al. Lawrence Berkeley National Laboratory. "2024 United States Data Center Energy Usage Report." December 2024.

In addition to higher electric bills, other harms of data center growth are becoming increasingly well documented and they are massive. They include:

- Huge increase in electricity use: A tripling of data centers in the next five years would result in data centers consuming as much electricity as over 28 million households.[21]

- Massive consumption of water: Tripling of data centers would require as much water as 18.5 million households just for cooling the servers, let alone the water required in powering them.[22]

- Severe climate impacts: 56% of the electricity used to power data centers comes from fossil fuels.[23] Data centers disproportionately use dirty energy with an average carbon footprint that is 48 percent higher than the grid-wide footprint,[24] Data centers that don't use fossil fuels suck up new renewable supplies of power, derailing plans to close coal and gas power plants.[25] With data centers projected to triple over the next 5 years, the climate impact will be significant.[26]

- Big job losses: AI is replacing jobs at an alarming rate with no planning for the impacts of this. According to an AI CEO, AI could wipe out half of all entry level white collar jobs in the next five years and spike unemployment by up to 20%.[27]

- Astronomical electricity bills: Generating more e-waste: Data centers use hardware to run AI (using microchips and processing, memory, and storage components).[28] These computing devices have a lifespan of 2-5 years and are often replaced with up-to-date versions,[21] effectively generating e-waste that attributed up to 5 million tons of annual e-waste by 2030 to the AI boom.[22]

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[21] Shehabi, A. et al. Lawrence Berkeley National Laboratory. "2024 United States Data Center Energy Usage Report." LBNL-2001637. December 2024 at 5 to 6; U.S. Energy Information Administration.
[22] Food & Water Watch. "A No Brainer: How AI's Energy and Water Footprints Threaten Climate Progress." March 2025 at 2.
[23] Guidi, Gianluca et al. Harvard University. "Environmental Burden of United States Data Centers in the Artificial Intelligence Era." Working Paper. November 2024 at abstract.
[24] Guidi, Gianluca et al. Harvard University. "Environmental Burden of United States Data Centers in the Artificial Intelligence Era." Working Paper. November 2024 at abstract.
[25] Volcovici, Valerie and Laila Kearney. "Data-center reliance on fossil fuels may delay clean-energy transition." *Reuters.* November 26, 2024.
[26] Shehabi, A. et al. Lawrence Berkeley National Laboratory. "2024 United States Data Center Energy Usage Report." LBNL-2001637. December 2024 at 5 to 6; U.S. Energy Information Administration (EIA). "Electricity consumption in U.S. homes varies by region and type of home." December 18, 2023. Available at https://www.eia.gov/energyexplained/use-of-energy/electricity-use-in-homes.php.
[27] VandeHei, Jim and Mike Allen. "Behind the Curtain: A white-collar bloodbath." *Axios.* May 28, 2025.
[28] Crownhart, Casey. "AI will add to the e-waste problem." *MIT Technology Review.* October 28, 2024.[21] De Vynck, Gerrit. "The AI boom may unleash a global surge in electronic waste." *Washington Post*. October 29, 2024.

- Turning towards unclean sources of energy: In order to try and meet the ever-rising energy demand spurred on by Big Tech and their AI-focused data centers, the current administration plans to delay the closure of coal power plants nationwide.[23] Big Tech has also outlined plans in collaborating with the nuclear industry[24] and Big Oil has boasted about implementing CCS for data centers.[25]

- Other destructive impacts: Other significant impacts include noise near data center operations,[26] damage to home appliances from strain on the grid,[27] security threats from AI,[28] political instability from deep fake videos and other fake news being spread,[29] anxiety, identity theft and fraud.[30]

Public resistance has proven effective and represents how a majority of people in the U.S. don't want data centers in their communities.[29] In collaborative efforts between local communities, grassroots groups, and formal organizations, according to Data Center Watch analysis, as of March 2025, local activism has delayed or blocked an estimated $64 billion in data center projects nationwide.[30]

Residents in financially stressed Charles City County, Virginia consistently organized for six months against a data center project that would've brought their county $140 million in tax revenue, about 20 times more than what the county makes in yearly real estate taxes. The community rallied behind their concerns for disrupting their lifestyle, wildlife, and waterways in addition to ceding their interests to corporate control. Before the county supervisors were able to vote for the project, the developer, Diode, pulled out without resistance.[31]

In October of 2025, White County, Indiana became the third community to approve a moratorium on data centers following months of public opposition on a local project that wouldve re-zoned nearly 300 acres of land.[32] Not even a month later and Stark county announced a similar one-year moratorium on large hypserscale data centers. County officials are looking to block large projects while they review guidelines and consider a potential future ban.[33]

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[29] Kramer (2025)
[30] Data Center Watch. "$64 billion of data center projects have been blocked or delayed amid local opposition." *Data Center Watch.* March 2025 at 1 and 2.
[31] Ress & Jones (2025).
[32] Ink Free News. "Three Indiana counties pass data center moratoriums." *Ink Free News.* Updated November 26, 2025.
[33] Pete, Joseph S. "Stark County puts moratorium on large data centers." *Indiana Economic Digest.* December 17, 2025.

St. Charles, Missouri became the first city in the U.S. to issue a one-year city-wide moratorium on data centers; the decision was unanimous amongst councilmembers.[34] This follows widespread pushback on the secretive “Project Cumulus” data center project from over 5,500 residents over environmental, utility, communal, and transparency concerns. The lack of information was so great that by the time the developers withdrew their proposals in response to community backlash, the end user was never disclosed.[35]

Corporate Greenwashing

In response to growing opposition, data center developers are taking steps to convince the public that they can mitigate the impacts of data centers through the adoption of carbon capture and storage and water trading schemes. In reality these programs can further drive up costs on consumers and tax payers, while doing little to nothing to address the real impacts of data centers.

Carbon capture and storage has failed to meaningfully reduce emissions. According to EPA, over 90% of captured CO2 is used for oil extraction, which could cost taxpayers hundreds of billions of dollars per year, with little to no government oversight. In 2022 EOR was used to produce an additional 88.2 million barrels of oil.[36] The U.S. The Environmental Protection Agency (EPA) says that 36.7 million metric tons of CO2 were “used” in EOR (although only 19 percent of that CO2 met the EPA’s “sequestration” criteria).[37] That means that every ton of CO2 injected for EOR produces 2.4 barrels of oil, which when burned emits more CO2 than was injected.[38] In recent years, oil production per metric ton of CO2 used in EOR has increased.[39] A U.S. Geological Survey study of future EOR potential found that an average of 3.5 barrels of oil is produced per metric ton of CO2 “stored”; if burned, this oil would emit 1.5 tons of CO2 for every ton injected.[40]

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[34] Bassler, Hunter. “St. Charles becomes the 1st city in the nation to ban data center construction citywide for a year.” *KSDK News?.* August 22, 2025.
[35] Bassler, Hunter and Laura Barczewski. “St. Charles data center dead for now after developers withdraw application, mayor says.” *KSDK News?* August 18, 2025.
[36] Wallace, Matt. Advanced Resources International, Inc. (ARI). “U.S. CO2 EOR Survey Updated to End-of-Year 2022.” March 13, 2024 at 8.
[37] U.S. Environmental Protection Agency (EPA). “Supply, Underground Injection, and Geologic Sequestration of Carbon Dioxide.” November 5, 2024. Available at https://www.epa.gov/ghgreporting/supply-underground-injection-and-geologic-sequestrationcarbon-dioxide. Accessed November 2024.
[38] EPA. “Greenhouse Gas Equivalencies Calculator — Calculations and References.” Available at https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator-calculations-and-references. Accessed February 2025.
[39] EPA. “Greenhouse Gas Equivalencies Calculator — Calculations and References.” Available at https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator-calculations-and-references. Accessed February 2025.
[40] Warwick et al. (2022) at 1; EPA. “Greenhouse Gas Equivalencies Calculator — Calculations and References.” Available at

We should be clear that the drive for a world dominated by AI, with data centers spread throughout our communities, is not inevitable, despite what its proponents want us to believe. The “AI boom” is really the vision and political agenda of the same billionaires bankrolling Trump and his allies in Congress, but we can stop it.

No program with an environmental and societal impact this significant should be allowed to advance without a clear regulatory framework that protects people and the environment and ensures that any benefits from AI flow to ordinary people and not just those with extreme wealth. It’s time to put the breaks on things. It’s time for a moratorium on new data centers.

Sincerely,

Jim Walsh
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https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator-calculations-and-references. Accessed February 2025