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Hearing Regarding Data Centers in Pennsylvania

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Introduction

Thank you, Senator Brown and Senator Argall, for the invitation to testify on this important topic. My name is Esch McCombie, Esq., a Partner with McNees Wallace & Nurick, LLC. I co-Chair our firm's Real Estate & Construction Law Group and specialize in land use law, including zoning, subdivision, and land development.

My goal is to impress upon you the tangible local impacts data centers will have in our communities, including the opportunities they present and the challenges they pose. More importantly, my testimony will focus on how Pennsylvania can empower its local governments to effectively regulate and, most critically, to encourage this vital development.

Local Impacts: The Opportunity and the Challenge

Data centers represent a unique proposition from a local land use perspective. Their benefits are significant and well-documented. They are low-traffic, high-value assets that generate substantial tax revenue for school districts, municipalities, and counties without the strain of increased commuter traffic, truck traffic, or new student enrollments. These facilities create specialized, well-paying jobs during both the intensive construction phase and the long-term operational phase, attracting a highly skilled workforce. Importantly, many of these well-paying jobs require no more than an associates degree. Fundamentally, data centers are essential to the growth of new industries like artificial intelligence and provide the foundational digital infrastructure for a wide range of Pennsylvania's key sectors, including medical and life sciences, higher education and research, and the technology and finance industries. This infrastructure enables critical functions such as secure patient data management, advanced academic computing, and real-time financial market analysis.

However, we must also be clear-eyed about the challenges. The primary concerns from a local standpoint are notable and require careful planning. Among the primary concerns are power demand and water consumption. Indeed, it is no secret that data centers consume large amounts of electricity, creating a potential strain on our regional power grid. Similarly,

their cooling systems often require a significant volume of water. They also require large amounts of land, frequently include buildings in excess of 70 feet, and can at times create substantial levels of sound. These are not insurmountable obstacles; they are engineering and planning challenges that can be solved through strategic solutions. For instance, co-locating facilities with power generation plants and in areas that can support water uses and land needs are very important considerations at the local level.

Encouraging Development Through Local Regulation

If the goal is to encourage development of data centers in any certain municipality, then the goal for that municipality is to manage such development intelligently and responsibly. As an industry, we need to provide certainty and efficiency for developers, and that begins with a clear regulatory framework.

- **Clear and Proactive Zoning:** Currently, many local zoning ordinances lack specific definitions for data centers, which forces developers into a lengthy and often unpredictable conditional use or special exception process. This can add significant cost and, perhaps more importantly, time to a project. Municipalities should proactively define data centers in their ordinances, classifying them as a use permitted by right in appropriate areas of the municipality. This provides the certainty that developers need to invest in our communities.

- **Streamlined Permitting:** While we have heard a lot about state-level permitting initiatives, local governments can do their part by creating regulations that are clear, protect the public interest, and are consistent with the needs of data center developments. Although exceptions may exist, the data center developers that I have worked with desire to collaborate with our local municipalities.

- **Public-Private Partnerships:** Encourage dialogue between developers, utilities, and local officials from the very beginning of a project. This early engagement can address infrastructure needs and community concerns before they become roadblocks. Developers can work with municipalities to propose site-specific plans for utility infrastructure, building height, sound mitigation, etc., that are tailored to the local context and meet community expectations.

Conclusion

In summary, data centers are a powerful engine for economic growth in Pennsylvania. By addressing the challenges of power and water through thoughtful planning, and by creating clear and efficient regulatory frameworks, we can ensure that the Commonwealth becomes a leader in this critical sector. I am confident that with a collaborative and forward-thinking approach, we can harness the benefits of this industry for years to come.