

Local Government Commission staff remarks
Public Hearing: The Growth of Data Centers in Pennsylvania
Senate Majority Policy Committee

August 11, 2025 | 1:00 p.m.
Valley View High School | Archbald, PA

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Good afternoon and thank you to Chairman Argall for the invitation to appear today before the Senate Majority Policy Committee on the discussion of the growth of data centers in Pennsylvania. My name is Kris Gazsi, and I am the Assistant Director and counsel for the Pennsylvania Local Government Commission. It is my privilege to join you, and I'd like to give you an overview of some of the issues and opportunities that face local governments in Pennsylvania related to data center development and answer any questions that you may have.

The Local Government Commission is a research agency of the Pennsylvania General Assembly established in 1935 to serve by providing for more effective and efficient local government in Pennsylvania. Our Commission is comprised of 10 members of the General Assembly, five from the House and Five from the Senate with three from the majority party and two from the minority party of the respective caucuses; Senator Scott Hutchinson currently serves as our chair. As we draw from all four caucuses it is our practice and our mission to provide nonpartisan research assistance to any member of the General Assembly, and to understand the functions and operations of local governments throughout the Commonwealth. Apart from Commission-sponsored legislation, the Commission does not take a position on pending or developing pieces of legislation or advocate for any policy position; however, we offer our expertise to members from any perspective in support of the development of their policy priorities.

As the members of this Committee are well aware, the Commonwealth is not centrally organized in its management of local affairs and the 2558 municipalities in Pennsylvania¹ have been delegated broad authority over local issues by the various municipal codes. Locally elected leaders hold the primary responsibility over public safety services, regulations for health, safety and welfare, allocation of resources to invest in public goods and maintain infrastructure and plans for future development. Although many other states address some or all of these policy areas on a county-wide basis, the Pennsylvania system of local government has always prioritized local services, local leaders and local planning.

Most of the approximately 90 data centers² that have been built or are in development in Pennsylvania are located near the major population centers in the Southeast and Southwest of the State, but more recent projects and proposals are demonstrating interest in areas of the Commonwealth that are attractive for other reasons. The Commonwealth has long been a leader in energy development as a

¹ PA Municipalities List, PA Municipalities List, PA Department of Community & Economic Development. <https://dced.pa.gov/local-government/municipal-statistics/municipalities/> (last visited Aug. 8, 2025).

² Data Center Map, Data Centers in Pennsylvania, <https://www.datacentermap.com/usa/pennsylvania/> (last visited Aug. 7, 2025).

net-exporter of electricity,³ and its water resources are far more abundant than many other states.⁴ Additionally, in same the manner that Pennsylvania highways are a key link between high-population areas in the Northeast and the rest of the contiguous states, major long-haul, large-scale fiber optic cable networks⁵ also pass through the Commonwealth to connect the nation.

For municipal officials, the prospect of a major data center represents a very significant investment. Recently, Lancaster Mayor Sorace described the proposed \$6 billion investment by CoreWeave to redevelop the former LSC Communications printing plant as a 450,000 square foot data center the “largest single investment in Lancaster County history”⁶ At that scale, the project promises to bring significant economic activity to the region during the development and construction of the project, as well as some ongoing employment opportunities and a facility that would be a major contributor to municipal, county and school property taxes for many years into the future. Although we do not yet have enough information from across the Commonwealth to forecast future local tax revenues for all projects, another large-scale data center project under development in Luzerne County is anticipated to generate about \$2 million annually in local tax revenues – during an initial 10-year period of partial tax abatement, and \$7 million per year thereafter.⁷ The project also forecasts bringing 600 jobs to the area.⁸ In Loudoun County, Virginia, where data center development has occurred at a higher rate than anywhere else in the United States, property tax revenues have enabled the county to invest more than a billion dollars in road and public-school development while maintaining local tax rates 25% below neighboring counties.⁹

One additional, and related, benefit that communities may see from data center development is conversion of brownfields, and shuttered or underutilized facilities. In his July 2025 Executive Order related to data center development, President Trump has ordered the Federal Government to identify brownfield and Superfund sites that may be returned to productive use and facilitate their development with state

³ Independent Fiscal Office, *Pennsylvania Electricity Update*, Research Brief (Feb. 2025), https://www.ifo.state.pa.us/getfile.cfm?file=Resources/Documents/RB_2025_02_Electricity.pdf (last visited Aug. 8, 2025).

⁴ Pennsylvania Department of Environmental Protection, *2022 Pennsylvania State Water Plan* (Jan. 27, 2023), <https://www.pa.gov/agencies/dep/newsroom/dep-releases-final-2022-pennsylvania-state-water-plan-and-online-atlas-of-water-resources-and-use.html> (last visited Aug. 8, 2025).

⁵ D’Onfro, Jillian, *This Map Shows Every Long-Haul Fiber Optic Cable in America*, Business Insider (Mar. 7, 2016), <https://www.businessinsider.com/map-long-haul-fiber-optic-cable-network-united-states-2016-3> (last visited Aug. 7, 2025).

⁶ Stauffer, Cindy, *Here’s What a Data Center Community Benefits Agreement Could Include for Lancaster City*, Lancaster Online (Aug. 6, 2025), https://lancasteronline.com/news/local/heres-what-a-data-center-community-benefits-agreement-could-include-for-lancaster-city/article_02064716-82f8-4dc8-9b98-907c29027c49.html (last visited Aug. 7, 2025).

⁷ Notedly, the availability and utilization of various incentives through economic development tax abatement or deferral programs by municipalities competing for data centers also serve to make revenue projections more speculative.

⁸ Tanenbaum, Michael, *Amazon Gets Zoning Approval for Massive Data Center Campus in Luzerne County*, Philly Voice (May 30, 2024), <https://www.phillyvoice.com/amazon-pennsylvania-data-center-salem-luzerne-county> (last visited Aug. 8, 2025).

⁹ Turner, Mike, *Loudoun County, Virginia: Data Center Capital of the World—A Strategy for a Changing Paradigm*, p. 12 (Aug. 1, 2025), <https://www.loudoun.gov/ArchiveCenter/ViewFile/Item/13979> (last visited Aug. 8, 2025).

partners.¹⁰ There may be great value for communities that have had a front seat to changing industrial landscapes and are now home to sites without an obvious path to redevelopment. Ninety-five Superfund sites in Pennsylvania have been placed on the National Priorities List by the Federal Government for hazard mitigation and redevelopment.¹¹ Repurposing some of these sites for data center development may not only address environmental and public health concerns but also offer a tangible path toward economic revitalization and sustainable land use.

Along with the potential for these benefits, some challenges exist for municipalities in Pennsylvania as well – specifically, community concerns, resource needs and administrative capacity.

Rapid, large-scale development has the potential to draw a great deal of local attention, and potential opposition from the public – especially where local concerns are left unaddressed or are plagued by rumor in a community. In Luzerne County, owners of nearby farms raised concerns that conversion of agricultural land to industrial use for the Amazon data center project would reduce the value of the farmer’s land.¹² When data centers are located more closely to population centers, additional questions are often raised about noise from diesel backup generators, bright facility lighting, community aesthetics, and the draw on resources and emergency services.¹³ In many ways, these concerns can be addressed and mitigated through thoughtful planning, and as other speakers have noted, land use regulation and the development approval process can play a very large role.¹⁴ However, some communities are also seeking to directly engage developers for an exchange of promises between developer and community, to bring benefits to the community as a whole, and encourage a cooperative posture by the local government throughout the approval process. These agreements, sometimes referred to as Community Benefit Agreements, are contract documents often utilized to mitigate impacts from other forms of industrial development like energy generation facilities, and are now being explored for data center projects.¹⁵ These agreements provide for benefits that can include infrastructure and community investments, job and wage guarantees, and operational considerations. Currently, Lancaster officials are in negotiations over a

¹⁰ See Section 7(b) of Exec. Order No. 14152, *Accelerating Federal Permitting of Data Center Infrastructure*, 90 Fed. Reg. ____ (July 23, 2025). Available at <https://www.whitehouse.gov/presidential-actions/2025/07/accelerating-federal-permitting-of-data-center-infrastructure/> (last visited Aug. 8, 2025).

¹¹ U.S. Geological Survey, *Superfund Sites in Pennsylvania* (Oct. 2023), <https://www.usgs.gov/media/images/superfund-sites-pennsylvania> (last visited Aug. 8, 2025).

¹² See *supra*, note 8. (*Amazon Gets Zoning Approval for Massive Data Center Campus in Luzerne County*).

¹³ See e.g. Thompson, Charles. *Cumberland County Could Become Home to Region’s First Large Scale Data Storage Complex*. PennLive, Dec. 4, 2024. <https://www.pennlive.com/news/2024/12/cumberland-county-could-be-home-to-the-regions-first-data-storage-complex.html> (last visited Aug. 8, 2025).

¹⁴ Informally, we contacted the Office of Community Planning within the Department of Community and Economic Development to understand what on-the-ground observations their staff may be seeing. Although this is not an area of formal study or a specific project at this time, DCED’s planning staff are seeing some degree of community anxiety over the potential impacts of large-scale data center development.

¹⁵ Annie E. Casey Foundation, *Community Benefits Agreements: The Power, Practice, and Promise of a Responsible Redevelopment Tool* (2007), available at <https://assets.aecf.org/m/resourcedoc/aecf-communitybenefitsagreements-2007.pdf> (last visited Aug. 8, 2025).

potential Community Benefit Agreement as part of the approval process for the CoreWeave data center project.¹⁶

Resource needs are also a meaningful concern to local government leaders. It is well known that large data centers require large amounts of electricity and cooling capacity to operate. As noted above, these operational considerations are key components to identifying valuable sites near energy availability and water access for data center development. However, communities and their residents need to be confident that operating these facilities will not result in unreliable electrical grid performance for other users and that water usage will not reduce availability and reliability of the groundwater table or impact the operations of public water supplies – especially where cooling involves consumptive use of potable water sources. Operators may be able to mitigate these impacts on communities by utilizing dedicated energy sources and drawing water from appropriate surface water sources or utilizing so-called “purple pipe” plumbed, non-potable water sources.¹⁷ Although these issues may primarily be addressed by statewide and federal regulators such as the Public Utility Commission and Department of Environmental Protection, addressing local concerns through effective public relations and communication may be a stitch-in-time. As nearly every issued permit is subject to appeal by impacted third-parties, including host municipalities, public participation and public confidence may reduce the delays, risks and impacts of litigation.

Finally, I’d like to highlight the importance of municipal capacity. In some parts of the Commonwealth, large municipalities have professionalized full-time staff supporting land use development approvals, full-time police and fire services and nearby access to emergency medical services. In contrast, other communities may rely more on part-time and volunteer efforts, limited access to trained planning professionals, partial local police coverage or state police only,¹⁸ and volunteer fire and EMS services.¹⁹ By no means am I suggesting that high density communities are preferable or a better fit for data center development. In fact, developers may seek out rural areas with lower property taxes, easier access to large tracts of land and development approvals with less strict requirements for screening, noise regulation, and impact mitigation. However, host community officials and developers must arrive at a clear understanding of municipal capacity and other available resources to address emergency and other public service needs.

Thank you, once again for your time. I am happy to answer any questions you may have.

¹⁶ See *supra*, note 6. (*Here’s What a Data Center Community Benefits Agreement Could Include for Lancaster City*).

¹⁷ See generally, Urban Land Institute, *Local Guidelines for Data Center Development*, 14-17 (2024), https://knowledge.uli.org/-/media/files/research-reports/2024/uli-data-center-whitepaper_hm_2024-11-12_final-final-round.pdf (last visited Aug. 8, 2025).

¹⁸ Center for Rural Pennsylvania, *Pennsylvania State Police Coverage in Pennsylvania Municipalities*, <https://www.rural.pa.gov/datagram/366/Pennsylvania-State-Police-Coverage-in-Pennsylvania-Municipalities> (last visited Aug. 8, 2025).

¹⁹ See generally, County Commissioners Association of Pennsylvania, *EMS Task Force Report* (Nov. 26, 2019), <https://www.pacounties.org/getmedia/f1889f55-2ccf-4f56-b734-559f0b26b9c3/EMSCCAPReport201911226.pdf> (last visited Aug. 8, 2025).