OREGON DATA CENTER ADVISORY COMMITTEE

Preliminary Learnings and Questions Document

Abstract

Governor Tina Kotek established the Data Center Advisory Committee in January 2026 to help Oregon develop a thoughtful, forward-looking approach to data center development that supports economic opportunity while protecting Oregon's air, land, water, energy system, communities, and public finances. After nine months of reviewing informaton, hearing presentations, and listening to public comment, this document captures the committee's initial learnings and remaining questions.

The Committee comprises: Dan Dorran, Greg Dotson, Bill Edmonds, Margaret Hoffman, Michael Jung, Tim Miller, and Jean Wilson. This Report was drafted using an iterative process between Committee members and committee staff. All Committee members had an opportunity to add to and refine this document. The final version was edited by co-chairs Margaret Hoffmann and Michael Jung, and facilitator Donna Silverberg.

Oregon Data Center Advisory Committee (DCAC)

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September 2026

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PURPOSE & CHARGE

Governor Tina Kotek established the Data Center Advisory Committee (Committee or DCAC) to help Oregon develop a thoughtful, forward-looking approach to data center development that supports economic opportunity while protecting Oregon's air, land, water, energy system, communities, and public finances.

The Committee's charge is not to determine whether data centers should exist in Oregon or whether Oregon should prohibit future development. Rather, the Committee was asked to examine how continued data center development could occur responsibly and in a way that reflects Oregon's values, protects the state's resources, and delivers meaningful benefits to Oregonians and host communities.

The Committee is developing recommendations for Governor Kotek later this year. This document contains the Committee's Preliminary Learnings and Questions, which is a step in the recommendation development process. Its purpose is to:

- summarize what the Committee has learned to date;
- identify important information and data gaps;
- surface policy questions that require additional examination; and
- invite additional input before the Committee develops its final recommendations.

This document does not contain the Committee's final recommendations. Instead, it provides a foundation for continued discussion and public comment. Following review of additional information and public input, the Committee expects to submit final recommendations to the Governor before the end of 2026.

PROCESS & ENGAGEMENT

The Committee spent nine months examining the opportunities and challenges associated with data center development in Oregon. Recognizing Tribal sovereignty, the Committee Co-Chairs provided a separate and distinct invitation for Tribal Governments' elected officials and/or staff to provide input directly to the Committee. The Committee convened substantive sessions focused on economic and workforce impacts, water, land use, energy, affordability, taxation and revenue, air quality, and transparency.

Throughout the process, the Committee invited and heard presentations from 127 experts including Tribal officials and their staff, state agencies, local governments, utilities, community colleges, economic development organizations, industry representatives, labor unions, subject-matter experts, advocacy groups, elected officials, and members of

the public. Committee members also reviewed research, case studies, and examples of approaches being considered, implemented, or challenged in other states.

Public input has been an important part of the Committee's work. Well over 700 substantive written comments have been received to date. The comments reflect significant public concern about the effects of data center development, particularly related to energy affordability, taxation and incentives, water, climate, and air quality. At the same time, the Committee recognizes that written comments have not been evenly distributed geographically, with relatively few comments received from communities where substantial data center development is actually occurring.

The Committee will continue to seek input during the public comment period regarding the observations and facts presented within this document. The public is encouraged to respond to the questions identified throughout the document and to identify important issues or information that the Committee has not yet considered.

OREGON'S DATA CENTER LANDSCAPE

Data centers are centralized computing facilities that enable internet services and our digital economy. American families and businesses rely on the benefits they provide, ranging from the convenience of email and streaming media to essential first responder communications and digital medical records. Oregon was an early market for data centers and has housed facilities that have supported these aspects of our lives for over twenty years.

Based on the Committee's research and presentations, there are five types of data centers in Oregon, reflecting varying physical designs and business models:

1. Retail: Multi-tenant facilities, usually serving organizational customers' offsite computing needs;
2. Wholesale: Larger blocks of space and power leased to industrial tenants, such as media streaming companies or smartphone application providers;
3. Hyperscale: Very large facilities linked to massive storage, conventional cloud computing, and AI-scale computing, predominantly for single tenants;
4. Telco: Small facilities that support telecommunications and network exchange functions; and
5. Powered Shell: Buildings prepared for data center use, often with power and core infrastructure in place before a full IT buildout.[1]

[1] ECOnorthwest and University of Virginia. 2026. "Understanding Oregon's Data Center Industry: An Evidence-Based Assessment." Presentation to the Oregon Data Center Advisory Committee, July 31, 2026. Preliminary findings from forthcoming report prepared for The Lemelson Foundation.

Oregon Data Center Advisory Committee (DCAC)

Today a new type of data center is emerging around the world, far larger and more resource-intensive than ever before. These next-generation data centers support training of artificial intelligence (AI) large language models (LLMs). Today's global race to build the infrastructure to train AI LLMs is placing unprecedented demands on land, water, and energy resources. Of the 31 data centers in the process of siting in Oregon, 19 are Wholesale, 5 are Powered Shell, and 8 are Hyperscale. Although business confidentiality and legal protections can make it challenging to determine specific services provided by data centers, the Committee found no available data suggesting that data centers for the exclusive purpose of training AI LLMs have been planned in Oregon.

To some, data centers represent the backbone of the next generation of critical infrastructure, following similar development of railroads, electricity grids, interstate highways, telephone lines, wireless networks, and the internet. They provide opportunities for community investment and prosperity that parts of Oregon have not seen for generations. To others, data centers are harbingers of an AI future that displaces workers, misleads the populace, and grossly consumes limited energy resources while avoiding taxes, skirting compliance with natural resource regulations, and failing at being transparent businesses which Oregonians can trust. Striking a thoughtful and well-reasoned balance between these two sentiments is a challenge Oregon can meet. Doing so could not only bring more responsible oversight of the data center industry, but also accelerate progress toward Oregon's existing policy priorities.

Data Centers & Federal Policy

It is critical to note that State government is not the only actor in this policy landscape. Under the current Administration, the US federal government is increasing its efforts to assert control over the siting of data centers and to ensure that they face minimal barriers. The President has issued an executive order setting a national priority of achieving a "rapid" buildout of AI data centers throughout the country.[2] He has issued several other executive orders, and federal agencies, such as the Environmental Protection Agency and Federal Energy Regulatory Commission, have acted to reduce barriers to the build out of AI data center infrastructure. While the federal government has supported unbridled AI data center development and necessarily increased the demand for electricity, it also has taken actions that thwart the development of renewable energy, which is a clean, affordable, and abundant source of energy in the Northwest. This demonstrates the chaotic policies of the federal government currently. While pulling available levers to accelerate AI data center construction throughout the country, the federal government has simultaneously been making it harder to add clean energy to the grid.

[2] 90 Fed. Reg. 35385 (July 28, 2025), https://www.govinfo.gov/content/pkg/FR-2025-07-28/pdf/2025-14212.pdf.

WHAT THE COMMITTEE HAS LEARNED

Governor Kotek asked the Committee to understand the "challenges and opportunities in key policy areas related to the siting of data centers in our state." Her charge focused the Committee squarely on the question of the sustainability of these facilities. After conducting extensive fact-finding over seven public meetings across nine months, supplemented by over nine hours of oral public comments and extensive literature review, the Committee understands that there is significant general public opposition to data centers. That said, this Preliminary Learnings Document represents an evidence-based report on what we have discovered to date. The Committee sees both opportunity and risk for Oregon. Our state has hosted data centers since the earliest generation of internet infrastructure, and these facilities have contributed to the prosperity of urban and rural communities alike across the state. At the same time, the current unprecedented scale and speed of data center development has raised serious concerns for many Oregonians. The Committee has repeatedly heard concerns voiced about the sustainability of development, the need for transparency, and the role of AI in society.

The Committee has reached the collective understanding that Oregon must consider the individual impacts of data centers at the local level, the cumulative effects of multiple facilities operating in the same community, airshed, basin, or energy system, and the industry's role in our state.

Water Stewardship

Overview

Data centers need to be cooled, and water has historically been utilized directly for data center cooling systems. Some conventional methods, such as evaporative cooling, are water-intensive, while other more modern approaches, such as closed-loop cooling, are more water-efficient. There are cooling approaches that use little-to-no water directly, such as free-air and immersion cooling, but these generally increase electricity demand. Some forms of electricity production require water consumption, which means that using less *direct* water for cooling generally increases *indirect* data center water consumption.

The Committee learned that indirect water consumption associated with electric power generation can be multiple times larger than direct data center water usage, depending on the generation source. Solar and wind energy use very little water, while thermal generation (e.g., fossil-fired) and hydroelectric power are highly water-intensive. The state has jurisdiction only over water resources used directly in Oregon's data centers and used indirectly from power generation facilities sited within Oregon's borders.

Oregon s surface and groundwater resources are already fully allocated. To construct a new facility, data centers must obtain an existing water right. They can do this by purchasing an industrial water right from an entity no longer using it or accessing water through a municipal system.

While data center water use is relatively small compared with statewide agricultural irrigation or other uses, the Committee heard that water impacts are highly place-specific and time-sensitive. Seasonal demand and basin conditions can make the effects of a facility much more significant locally than overall statewide comparisons suggest.

The Committee also heard that non-disclosure agreements (NDAs) can make it difficult for the public to understand how much municipal water is being used at the individual data center level. The Committee identified significant gaps in publicly available information about water intake, discharge, indirect water use, and basin health.

Key Learnings

- **Energy-Water Nexus:** Cooling technology choices create a fundamental tradeoff: low/no-water cooling approaches (e.g., closed-loop, free-air) increase electrical grid load, whereas water-based cooling systems (e.g., evaporative, chilled water) conserve energy by drawing upon local water resources and discharging water after use.
- **Resource Allocation:** Surface and groundwater rights are, for all intents and purposes, fully allocated statewide. Data center developers must acquire an existing water right or work within a municipal allocation. Widespread use of NDAs reduces visibility into actual data center water usage, both direct and indirect.
- **Consumption Patterns:** Direct data center water use represents a small, single-digit percentage of statewide water consumption, but data center water demand can spike during seasonal irrigation peaks. The share of local water impacts may vary seasonally, with an enterprise-scale data center using water in amounts approaching that used by a single irrigation center pivot during peak demand.
- **Water Quality:** Since water is used by data centers for cooling rather than processing, primary on-site water quality impacts stem from thermal heat transfer and evaporative residual concentration. Chemical impacts to water used in data centers, from additives used for disinfection, to inhibit corrosion, and address scaling, are modest in comparison to other industrial water processes. All water discharged by data centers, including water released to and discharged by municipal wastewater treatment systems, must meet federal and state water quality standards.
- **Information Deficits:** Since most data centers access and discharge water through municipal water systems, and with NDAs being common practice, significant public data gaps exist regarding data center water consumption (both direct and indirect) and water quality impacts (comparing facility water at intake vs discharge).

Questions for Consideration

1. How could/should Oregon most effectively mandate standardized reporting and public disclosure of data center impacts on water consumption (both direct and indirect) and water quality (at discharge and basin-level)?
2. What water-related metrics should be required for individual data centers or aggregated data from municipal water suppliers to report? How can basin-level constraints and seasonal variances be reflected in these metrics to add precision and increase accuracy?
3. Should the state require or incentivize renewable power combined with low/no-water cooling technologies to reduce direct and indirect water impacts from data centers?
4. How could approaches, such as regional Managed Aquifer Recharge projects, which store abundant winter water for availability during peak summer demand, be leveraged to address the seasonal nature of data center water usage in Oregon?
5. What specific safeguards could be implemented to further protect Tribal water rights and cultural resource interests at the basin level?
6. How could data center water performance relate to incentives, such as tax abatements and permitting speed, to ensure benefits to Oregon's water resources?

Land Use & Community Planning

Overview

Oregon s land use system was designed to manage long-term growth and competing land uses. Data center development presents new challenges because facilities can require large sites, substantial power and fiber infrastructure, water access, transportation connections, and other specialized infrastructure. The Committee heard that most existing data center facilities are located within designated urban areas, with a smaller share located on rural lands.

The unprecedented pace and scale of proposed development raise questions about whether Oregon's existing planning tools adequately address cumulative impacts, facility clustering, infrastructure demands, and potential conflicts with agricultural, forest, residential, Tribal, and other land uses.

The Committee will need to consider whether Oregon should develop better statewide information about available industrial land and whether regional approaches could help communities evaluate data center development more strategically.

Key Learnings

- **Rapid Expansion:** Active data center facility counts grew from 8 in 2000 to ~123 by 2025, with 80% located within Urban Growth Boundaries (UGBs) and 20% on rural industrial exception lands.
- **Pipeline Pressure:** Development pressure is unprecedented, with ~9,000 acres known to be proposed in the pipeline—6,500 acres of which would require UGB expansions or changes in rural land use designations.
- **Framework Strain:** Oregon's landmark land use planning system was built for long-term growth management amidst competing priorities, and it experiences friction when responding to the speed and scale of the data center industry's demand for new sites with appropriate characteristics.
- **Cumulative Land Impacts:** Oregon's land use planning system has facilitated facility clustering ("data center gravity"), creating localized infrastructure demands for which traditional project-by-project reviews may not be optimized to evaluate. That said, the system may be helping to minimize some of the incompatible and undesirable land use activities that appear to be taking place in other states.

Questions for Consideration

1. Is the existing land use framework adequate to handle growth while protecting Exclusive Farm Use (EFU) lands, forests, and residential areas?
2. Should the state build a centralized industrial land inventory to evaluate regional siting options and cumulative impacts?
3. What role, if any, does the state have to play in supporting local governments responding to data center development interests?
4. Should best practices be established for facility clustering, vertical "stacking" (i.e., multi-story builds), and buffering zones to protect farmland and residential areas?
5. Are current engagement and permitting processes sufficient to protect Tribal lands and cultural sites, or are changes needed to address data center-specific impacts?
6. Should Oregon encourage regional industrial land "pools" to limit piecemeal local UGB expansions?

Energy & Affordability

Overview

Data centers represent rapidly growing and large-load electricity demands that differ from many historical patterns of load growth. Their impacts therefore extend beyond individual

facilities to the effects on and questions about grid planning, transmission, generation, energy reliability, air and noise emissions, and affordability.

The Committee heard that Oregon's regulatory and policy frameworks do not apply uniformly across investor-owned utilities, consumer-owned utilities, and the Bonneville Power Administration (BPA). Investor-owned utilities are subject to regulation by the Oregon Public Utility Commission (PUC), consumer-owned public utilities are locally governed, and BPA is a federal agency. As such, different mechanisms to manage growth and to protect energy affordability for ratepayers are utilized.

One of the biggest concerns raised in public comments was whether data centers have driven or will drive up electricity rates substantially. The Committee heard from consumer-owned utilities (COU) that their first goal is to keep rates low for their customers and that the mechanisms they have put in place to ensure their customers are protected from data center-driven costs are working effectively. The Committee also heard from experts regarding the protections established through Oregon's groundbreaking POWER Act for investor-owned utility (IOU) customers. Current evidence indicates that Oregon's COU and IOU ratepayers are effectively protected from the increased costs caused directly by data centers.

The Committee also observed that data centers could potentially provide value to the electricity system, and/or keep rates low for customers, through flexible loads, demand response, energy storage, distributed resources, and other grid-enhancing technologies.

The central question is not simply how much electricity data centers consume, but how Oregon can ensure that data center loads contribute to the development of a reliable, affordable, and clean energy system without shifting disproportionate risks and costs to other customers.

<u>Key Learnings</u>

- **Grid Impacts:** Data center electrical loads increasingly represent exceptionally large, fast-growing, and always-on energy demands that stress grid planning and transmission models differently than historic growth. As a result, the demand for these increased loads has an impact on the entire energy ecosystem that must be considered carefully, both in current operations and in long-term planning.
- **Flexibility**: Data center-enabled grid flexibility, both within data centers themselves and on the grids to which they are connected, can address challenges from ongoing constraints to new generation and transmission.
- **Air Quality & Backup Power:** Diesel backup generators are generally stand-alone (not grid-connected) assets that are deployed, nearly universally, to sustain data center operations with emergency power when needed. Consistent with federal and state regulations, they are permitted to operate for up to 100 hours/year for routine testing without exceeding air quality standards. Declared emergency operations, in contrast, could exceed these limits and, if they happen frequently, result in

additional air quality requirements. While such emergencies are rare, evidence is growing that shows our aging grid infrastructure is increasingly vulnerable.

- **Grid Utilization**: The power grid is built to meet peak demand, which results in low overall grid utilization for this capital-intensive infrastructure. As large, steady power users, data centers could become anchor tenants to *increase* grid utilization, spreading fixed infrastructure costs over a larger overall base of power consumption, which could reduce upward pressure on electricity rates.
- **Utility Cost Increases**: Most regulated utility cost increases appear attributable to growing wildfire-related expenditures, investments in aging transmission infrastructure, rising prices for routine equipment, and higher costs for power procurement.
- **Regulatory Asymmetry:** Oregon's climate policies, such as Oregon HB 2021's clean energy mandates, and regulatory institutions, such as the PUC, apply to the state's IOUs but do not apply to COUs.
- **Ratepayer Protections:** Oregon's POWER Act (HB 3546) provides essential cost-containment tools (e.g., exit fees and special tariffs) for IOUs, and COUs have their own separate and distinct rate-payer protections in place.
- **Marginal Costs**: To the extent that data center demand raises the marginal costs of incremental generation procured by IOUs and COUs alike, these impacts affect all electricity customers and make it harder and more expensive for Oregon to meet its energy needs.
- **Clean Energy**: Many data center companies have their own decarbonization goals. To the extent that data center procurement of decarbonized energy raises the marginal costs of clean energy, these impacts may make it harder and more expensive for Oregon to meet its clean energy goals, especially in the near term. On the other hand, data center-driven demand for clean energy also can stimulate investment in clean energy technologies and supply, which could make it easier and cheaper for Oregon to meet its clean energy goals, particularly in the long run.
- **BYONCE and Energy Storage**: Several states are developing and implementing policies to encourage or require data centers to *Bring Your Own New Clean Energy* (BYONCE). In addition to decarbonized generation resources, this also can include utility-scale and distributed energy storage systems that can augment wind and solar power, while also serving as a grid-connected buffer for backup generation.
- **VPPs, DERs, and Microgrids**: Virtual power plants (VPPs), distributed energy resources (DERs), and microgrids show promise as complements to the traditional utility-centric infrastructure approach to energy supply and delivery.
- **Public Concerns:** Utility affordability is the single most frequent concern expressed in public comments (38.7%), though limited comments were received from rural eastern Oregon host communities.

Questions for Consideration

1. How can the state best motivate data center-enabled grid flexibility to address peak power demands, including inside data center facilities (e.g., emergency and/or economic curtailment, compute-prioritization), in data center campuses (e.g., on-site energy storage, microgrids) and on the grid nearby (e.g., distributed energy resources, virtual power plants)? Who would or should have the authority to manage this process?
2. How could grid utilization be usefully measured and practically managed across Oregon's diversified electric grid landscape?
3. Should regulatory policies distinguish between new data center facility builds and major retrofits/upgrades?
4. Does Oregon need to ensure that data center-driven energy procurement in COU service territories is more consistent with the state's clean energy and climate goals? If so, how could this be accomplished?
5. Should the state mandate facility-level emissions/water performance rules and/or incentivize next-generation energy backup/storage for data centers?
6. Are ratepayers in IOU and COU service territories adequately protected from rate increases related to data center development or are new mechanisms needed?
7. How could Oregon accelerate deployment of cleaner alternatives to conventional stand-alone diesel backup generators for data centers to reduce carbon emissions, lower air pollution, and provide benefits to local communities and the broader power grid?
8. How might data centers contribute to a statewide infrastructure fund or other financing mechanisms to support projects that reduce pressure on and enhance the electricity grid for all customers?

Tax Incentives & Community Benefits

Overview

Oregon has three primary tax incentive programs that are utilized by data centers. They include the Standard Enterprise Zone (SEZ), the Long-Term Rural Enterprise Zone (LTREZ), and the Strategic Investment Program (SIP). These three incentive programs exchange a temporary, targeted local property tax reduction or abatement for a durable investment and recurring long-term public revenue. In general, these exchanges are as follows:

- **What the state and local communities give:** Temporary reductions in local property taxes on newly installed buildings, machinery, and equipment only. The land and pre-existing property remain fully taxable throughout. Abatements run 3–10 years in Standard Enterprise Zones, up to 15 years in Long-Term Rural Enterprise Zones, and 15 years under the Strategic Investment Program. When the abatement ends, the full value of the property returns to the tax rolls.
- **What the state and local communities get:** New private capital investment, new and higher-paying jobs, and long-term recurring revenue from local property taxes. The state and communities also benefit from the business paying the Corporate Activity Tax, payroll taxes, community service fees and/or School Support Fees, other negotiated fees, and property tax on land and existing improvements. Data center companies must meet minimum investment amounts and satisfy continuing performance criteria for the duration of the abatement.

The Committee heard that Oregon's lack of a general sales tax, mild climate, access to high-speed computer fiber, industrial land, and historically low electricity costs are important factors in the state's attractiveness to data center developers. Many rural communities reported that partnerships with data center developers have enabled significant, sometimes generational, infrastructure investments that otherwise would not have been possible.

At the same time, Oregon lacks a centralized, readily accessible picture of the tax incentives provided to data centers. This includes the revenues and payments generated by facilities and the community investments made possible outside of formal enterprise zone agreements or community benefit agreements.

This creates a basic policy question: What should Oregon provide to attract data center investment, and what should Oregon and its communities receive in return?

The Committee will examine to what extent existing fiscal incentives remain necessary, how incentives could be tied to measurable outcomes, and how Oregon can improve transparency around public costs and community benefits.

<u>Key Learnings</u>

- **Incentive Structures:** Property tax abatements through Enterprise Zone Agreements (EZAs) are intended to increase economic investments that lead to tax revenue for the state. They serve as one of Oregon's incentives structures for data centers. EZAs combine with the state's other competitive advantages: no general sales tax, a mild climate, land, and historically low electricity costs. Other states use different incentive tools tied to their own specific situations, including sales/use tax exemptions, investment tax credits, and expedited permitting.
- **Local Flexibility**: Communities hosting data centers value the discretionary

flexibility enabled by tax abatement community benefit agreements. This allows a local jurisdiction to determine what the community benefits agreements will fund, as opposed to tax revenue that is tied to a local distribution formula.

- **School Funding Impacts:** Abating local property taxes decreases the amount of local school funding revenue available for schools statewide; however, because Oregon's tax incentive programs are targeted to new investments, the taxes abated would not otherwise exist absent the incentive. Once the tax incentive expires, the data center company's property taxes are assessed in full, increasing the local property tax base and the share of local funding for schools statewide.
- **School Support Fee Administrative Challenges:** In 2023, the Oregon Legislature established the Enterprise Zone School Support Fee, a required payment in lieu of property taxes. Companies that receive an SEZ or LTREZ exemption within an enterprise zone must make direct payments to local K-12 school districts. Zone sponsors and local school districts mutually set a flat rate between 15% and 30% of property taxes that would have otherwise been due without abatement. Communities value the flexibility of these discretionary payments from data centers. However, the EZA program puts new administrative burdens on school districts – essentially billing data centers directly. This can create a challenge, especially for smaller districts.
- **Data Fragmentation:** Public information does exist about data center incentives, investments, and payments across state agencies (such as Business Oregon, DEQ, OWRD, and ODOE). That said, this data remains siloed and difficult to access in a consistent, centralized manner.

<u>Questions for Consideration</u>

1. Should additional standardized, centralized public reporting be required for all data center tax abatements, revenues received, and community investments? If so, how could this be implemented and coordinated?
2. To what extent are existing property tax abatement programs still necessary to attract data centers, given Oregon's natural and inherent advantages (e.g., mild climate, fiber access, land, no sales tax)?
3. What should be the role of local governments in negotiating the EZA incentives vis a vie the state negotiating these incentives for data centers?
4. Should future data center transparency requirements apply retroactively when existing facilities undergo major hardware or repowering upgrades?
5. How might data center tax abatements be most effectively tied to data center performance across resource impacts, public benefits, etc.?

Transparency & Accountability

Overview:
A consistent theme the Committee heard across every topic area was the difficulty of evaluating cumulative impacts because information about data centers is fragmented across state agencies, local governments, utilities, and private entities. The Committee identified potential value in a coordinated, state-hosted data center information system that could bring together standardized information on:

- water intake and discharge;
- energy use, peak demand, and flexibility;
- backup power, emissions from them, and any violations/penalties;
- tax abatements and public revenues;
- employment and workforce outcomes;
- community benefit agreements;
- infrastructure investments; and
- facility development and locations.

The Committee notes that data center transparency frameworks should avoid unnecessary duplication and reporting burdens, respect legitimate confidential business information, and focus on information needed to understand and address public concerns and policy impacts.

Economics & Workforce

Overview
The Committee learned that data centers can create substantial economic activity, particularly through construction, engineering, operations, and infrastructure investment. In some rural communities, data center development has been associated with significant changes in short and long-term employment and economic activity.

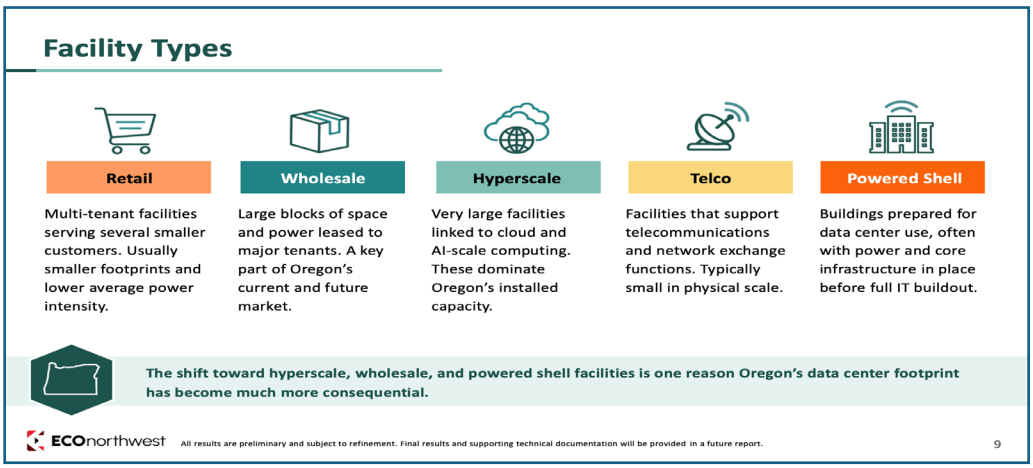
The Committee heard that Oregon has opportunities to strengthen local workforce pipelines. Community colleges and other training providers are developing programs for data center occupations, but high rates of students being hired before completing programs demonstrate the need for stackable credentials, dual-credit opportunities, apprenticeships, scholarships, and other strategies that help workers complete training and advance their careers.

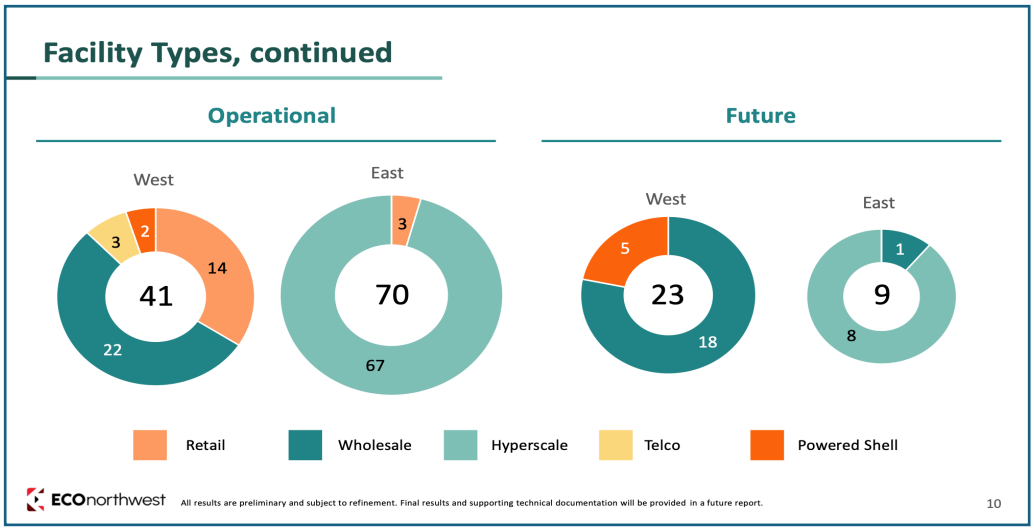
The Committee also heard that community benefits can vary significantly depending on the capacity of local governments to negotiate skillfully with developers. Many communities have secured data center investments in transportation, water systems, schools, first responders, hospitals, libraries, and other local priorities.

These observations raise questions about how Oregon can ensure that economic benefits derived from data centers are durable, measurable, and broadly shared.

Key Learnings

- **Industry Scale:** Oregon hosts 123-144 facilities, depending on data center definitions, ranging from a variety of telecom nodes, wholesale campuses and retail facilities in the Portland/Hillsboro metro region to predominantly hyperscale complexes in Eastern Oregon.





- **Data Center Services:** Data centers in Oregon are primarily smaller, non-AI-oriented facilities that serve as infrastructure for a wide range of internet services, including data storage, payment processing, cloud computing, content streaming, telecommunications, and social media.

  - The Committee notes that, during the entire review process, it heard no indication of data centers exclusively dedicated to training Artificial Intelligence (AI) Large Language Models (LLMs) operating in Oregon today.
- **Rural Economic Impacts:** Data center investments and operations drive substantial local economic activity and prosperity in both the short- and long-term, especially in rural areas where their benefits are most clearly evidenced. For example, the Committee learned that the arrival of data centers in Prineville reduced unemployment from 20% to 6%, employing ~400 on-site personnel. The Committee also learned that data center operations jobs represent about 15% of total employment in Morrow County.
- **Sustained Construction Jobs:** Ongoing multi-year campus expansion cycles have been shown to generate ongoing construction and engineering employment. This cumulative effect counters the narrative that data centers only offer one-off construction jobs. For example, ECOnorthwest reported that data center construction has directly created approximately 3,900 jobs and $980M in labor income. According to the same study[3], almost one in every 100 jobs in Oregon is related to data centers.
- **Workforce Pipelines:** High student hire-away rates in community college programs (e.g., Blue Mountain CC) underscore the need for stackable credentials, dual credits, and structured apprenticeships.
- **Negotiation Disparities:** Community Benefit Agreements (CBAs) can yield uneven local benefits, depending on municipal representatives' negotiation capacity.

Questions for Consideration

1. What role should the state play in local CBA negotiations? Should the state offer model guidelines and/or facilitation of negotiations?
2. How should the state track and publicly report community investments occurring both within and outside formal Enterprise Zone Agreements (EZAs) or via CBAs?
3. Would a regional process, such as the Central Oregon Regional Large Lot Program, which helps cities and counties in Central Oregon manage and provide large industrial land sites for economic development, be valuable to replicate in other areas in the State? If so, what is the State's role in facilitating their creation?
4. Should Oregon establish a centralized public database for direct/indirect workforce, investment, and expenditure metrics?

[3] ECOnorthwest and University of Virginia. 2026. "Understanding Oregon's Data Center Industry: An Evidence-Based Assessment." Presentation to the Oregon Data Center Advisory Committee, July 31, 2026. Preliminary findings from forthcoming report prepared for The Lemelson Foundation.

5. What policy frameworks should address data center facility decommissioning, repowering, or server rack retrofit cycles?
6. What opportunities could Oregon create for public/private partnerships between industry, public universities, community colleges, and other organizations to advance collaboration, accelerate innovation, and enhance competitiveness on a statewide level?
7. Should Oregon be offering retraining or other types of support for workers in other industries or sectors?

OREGON VOICES & PUBLIC COMMENT

Public input provided an important perspective on the Committee's work. To date, Committee staff have catalogued more than 700 substantive written comments after accounting for duplicate and non-substantive submissions. The comments reflect strong concern about the effects of continued data center development. Major themes include energy affordability, taxation and incentives, water, climate, and air quality. Approximately 90 percent of written comments reviewed to date oppose continued or expanded data center development.

The Committee recognizes that the written-comment record does not necessarily represent the views of all Oregonians or all communities affected by data center development. Approximately 70 percent of submitted comments were near-copy form letters, and the majority originated in the Portland metropolitan area. Comparatively few written comments came from communities in Morrow, Umatilla, and Crook counties, where substantial data center development is occurring and proposed.

The Committee will continue to seek input from across Oregon before completing its recommendations.

COMMITTEE PRINCIPLES FOR FINAL DELIBERATION

The Committee coalesced around the idea that the state could lead on statewide data center impacts and transparency, while local governments would oversee local data center siting and community benefits agreements. Emerging Committee cross-cutting principles include at least (and are open for public comment for changes or additions):

- **Transparency first**: Build a coordinated statewide reporting approach that clarifies and standardizes core metrics, minimizes duplication, and balances commercial confidentiality with public accountability.

- **Local vs. state roles**: Carefully determine where local input and decisions are appropriate (for example, in CBAs, land use approvals, etc.) and where broader statewide interests require coordination to achieve greenhouse gas goals, statewide affordability, and to assess cumulative natural resource impacts.

- **Cumulative impacts and "gravity":** Data center clustering generates ongoing construction cycles and cumulative resource demands; Consider cumulative impact assessment tools rather than purely project-level review and consider decommissioning requirements.

- **Protect affordability**: Ensure any new large loads do not shift infrastructure and operating costs disproportionately to residential ratepayers; explore POWER Act-equivalent protections or other mechanisms for COU regions/areas and assess similar policies in other states.

- **Encourage positive public outcomes**: Incentives (if retained) should be outcome-oriented (e.g. workforce development, local infrastructure, local and statewide water/energy performance, actual community benefits) and paired with transparent measurement and enforcement.

- **Encourage innovation and grid optimization**: Explore incentives or contractual frameworks that promote long-duration storage and non-wire alternatives to grid expansion. Demand flexibility and grid-enhancing technologies to enhance how data centers might be system assets, not just system loads.

- **Place-specific policy**: Water and land use decisions must reflect local basin- and landscape conditions such as Tribal sovereignty, timing/temporality of water use, groundwater recharge, habitat impacts, and community concerns.

- **Phased/iterative approach**: Given rapid technology changes such as AI workloads, cooling innovations, and battery alternatives, adopt flexible, iterative policy recommendations that can be updated and incentivized as evidence and technology evolve.

- **Account for federal regulations**: Federal regulatory changes such as EPA's permitting rules and federal incentives and rollbacks are potentially significant external drivers that can substantially affect Oregon outcomes. They may warrant state guardrails, such as regulation changes.

LOOKING AHEAD

The release of this Document marks the next stage of the Committee's work—not its conclusion. **The document will be available for a 45-day public comment period**. Members of the public are encouraged to respond to the questions identified in this document, provide additional information, identify gaps in the Committee's observations, and share perspectives based on their experiences with data center development. **The Committee expects to present final recommendations to Governor Kotek by December 2026.**

Following release of this Document, the public will be asked to submit responses to the questions outlined in this document, or on anything missing from this document, via the form at: https://www.surveymonkey.com/r/DCAC-Comments.

The written public comment period for the Preliminary Learnings Document will start on September 10, 2026, and close at 5 PM on October 24, 2026.

To access Governor Kotek's charge to the DCAC, Committee agendas, presentation materials, and meeting recordings and summaries, please visit: www.oregon.gov/energy/get-involved/pages/oregon-data-center-advisory-committee.aspx.