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## Testimony on Senate Bill 241

Thank you Chairman Feyen and members of the committee for hearing my testimony today. Last session, the Legislature took the step to welcome data centers to our state by creating a sales tax exemption for materials used to construct, operate or renovate large-scale facilities. Thanks to this tax exemption and Wisconsin being a great state to operate and welcome business, we are fortunate to have several of these data centers being built.

However, as several of them are getting ready to break ground, we are realizing that their scope and cost far outsize our current tools for economic development. Specifically, these projects far exceed the 12% cap on the value of a tax incremental districts' (TID). As more communities are welcoming these data centers, bills are being drafted to exempt these data centers from the 12% cap.

While this limit on TID is well meaning, it didn't anticipate these new investments. Since data centers are already defined in statute for the sales tax exemptions, it allows us to create a narrow exemption to the 12% rule for the entire state. Senate Bill 241 will allow for one bill to cover all of these data centers and hopefully welcome more in the future.

This is our opportunity to welcome this advanced technology to our communities and push our economy into the next generation.

Thank you for considering this bill and we welcome any questions you may have.



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# MARK BORN

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STATE REPRESENTATIVE • 37<sup>TH</sup> ASSEMBLY DISTRICT

## Testimony on Senate Bill 241

Senate Committee on Government Operations, Labor and Economic Development  
May 21, 2025

Thank you, Senator Feyen and committee members, for convening today's public hearing on Senate Bill (SB) 241. Wisconsin is succeeding—now—in attracting billions of dollars in private investments from some of the biggest technology companies in the world. This bill aims to reinforce that success.

Less than two years ago, the Legislature created a sales tax exemption for materials used to construct, operate or renovate industrial-scale data centers—the physical locations where computing and networking equipment reside to store and process the data that makes the Internet work. Our goal was to attract some of the valuable private investment that was already gaining momentum in other Midwestern states.

That policy decision is already bearing fruit. Two enormous data centers are under construction already in Wisconsin (including one in the district that I represent); more are being planned. All of these projects far exceed the minimum capital investment required to qualify for the tax exemption, and it seems that the demand for these facilities in our nation and in our region will only increase with time.

Current law provides sensible limits on local governments' options to create tax incremental districts (TIDs) to host economic development, including a cap on the total property value that may be included within any municipality's TIDs. But these data center projects dwarf most other development projects. Increasingly, the Legislature has been asked to grant exceptions to the "12 percent rule" that limits the creation of new TIDs; in all likelihood, the Legislature will be asked every single time to waive the 12 percent rule when new opportunities arise for our communities to attract one of these massive data center investments.

SB 241 proposes to waive the 12 percent rule—categorically, instead of amending the statute one data center at a time—for the creation of any TID whose sole purpose is to support a qualified data center. Under the bill, communities may compete to attract these lucrative projects without worrying about whether the Legislature eventually will vote to waive the general 12 percent limit. Communities will not miss out on time-sensitive opportunities to land these projects if the Legislature cannot act promptly enough to authorize an exception. And if a community does attract a data center investment, its existence will not unduly prevent that community from using tax incremental financing as usual for all other, routine development.

Thank you for your time and consideration of SB 241.



Testimony on SB 241  
Jennifer Giegerich, Government Affairs Director  
May 21, 2025

Good afternoon Chair Feyen and members of the committee. My name is Jennifer Giegerich. I am the Government Affairs Director with Wisconsin Conservation Voters. We have offices in Madison, Milwaukee, and Green Bay, where we work with our network of over 40,000 members and supporters to engage voters to protect our environment. I appreciate the opportunity to testify on SB 241.

We appreciate the intent of the bill, which is to promote economic development with an up-and-coming industry. Our concern is that putting a broad TIF bill out before we have a better handle on the implications to other segments of our economy and our communities would be shortsighted. We have the time to consider the full picture and to get this right, and I would encourage the legislature to do that.

Data centers are physical, industrial locations that house computing hardware to store and process massive amounts of digital information. Major tech companies like Amazon, Google, and Microsoft rely on data centers to deliver online services and manage network traffic.

Data centers use immense amounts of electricity and put strain on our already burdened electric grid because of the 24/7 operation of the facilities and the energy intensity required to maintain a cool enough ambient temperature for a warehouse full of always-running computers not to overheat.<sup>1</sup> Data centers are expected to make up 8 percent of total power demand in the US by 2030, more than doubling their current share of 3 percent.

Wisconsin is already facing high energy rates and ratepayers are straining under the existing energy rate increases. Among the investor-owned utilities, there is approximately \$449.6 million in requested electric and natural gas rates increased for 2026 and 2027. Who is going to pay for any necessary energy rate increases due to the need to build more energy production and transmission capacity? How are we going to fuel that energy increase? Wisconsin is still lags far behind the national average in generating energy from clean sources and burns coal at twice the rate of the national average. Are we going to ask our communities to be subjected to increased rates of air pollution?

Before Wisconsin incentivizes a whole new industry, we should develop a comprehensive plan that considers how to manage this increased energy demand and make sure ratepayers and communities are not left on their own to deal with the ramifications of these data centers. WCV recommends the following policies be adopted before a TIF be considered:

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<sup>1</sup> Data centers use 10 to 50 times the energy of a traditional commercial office building. Department of Energy, <https://www.energy.gov/eere/buildings/data-centers-and-servers>

- **The Wisconsin Public Service Commission should** require transparent modeling from utilities that indicates the degree to which load growth is due to data centers, so commissions can ensure the cost burden of additional generation capacity is not shifted wholesale onto ratepayers
- **Legislators:** require the billion-dollar tech companies developing data centers to pay for the related transmission and distribution infrastructure necessary to maintain grid stability in the region.
- **Legislators:** require mega-data centers co-locate renewable generation and storage to provide 100 percent of the facility's electricity needs.
- **Local governments:** develop data center-specific zoning ordinances that clearly outline permitted use, scale, location, regulatory review, and community engagement.

Until we have such policy safeguards in place to ensure the economic protections and quality of life for all people, we would encourage the legislature to pause on moving forward with SB 241. We appreciate the opportunity to testify today. Thank you for your time.

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