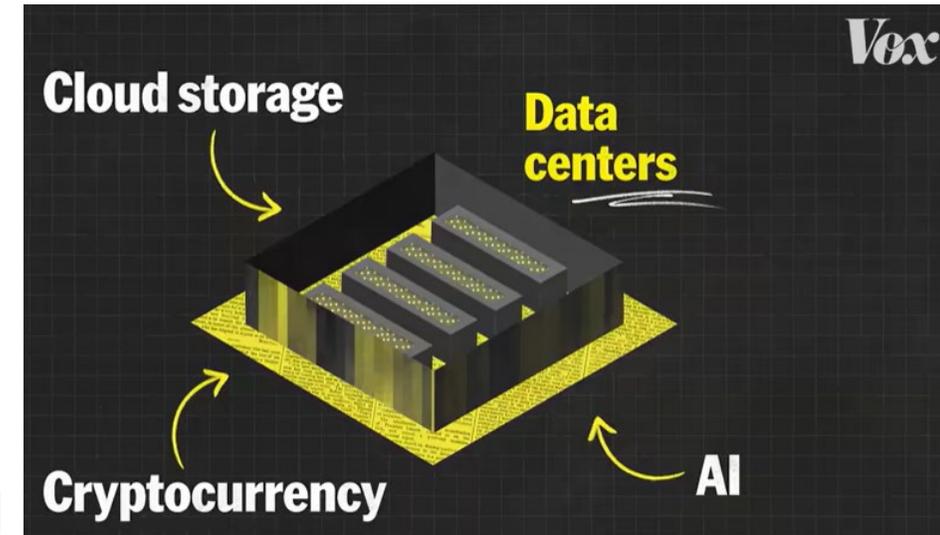


AGENDA III.C.
7:00 PM DISCUSSION
Data Center Regulation

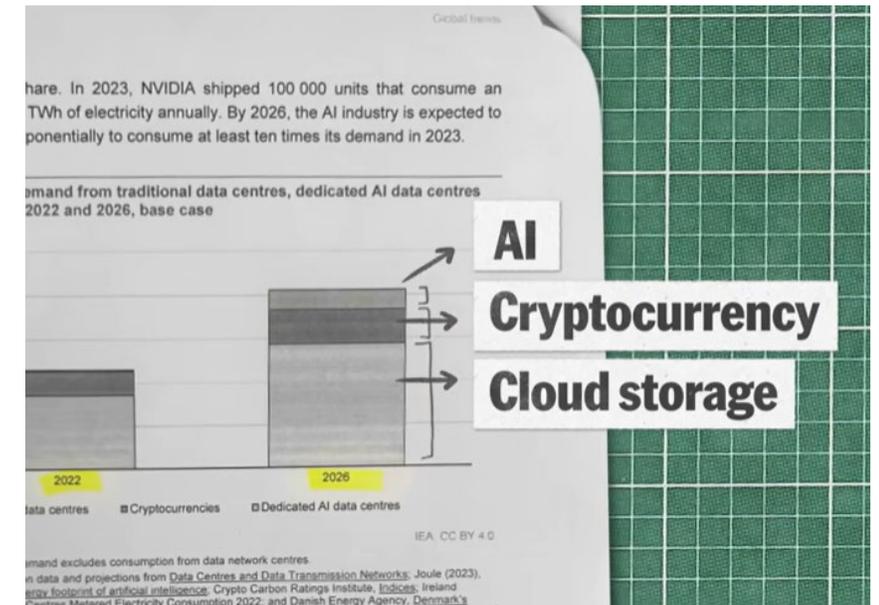
What is a Data Center?

- Warehouses of computer servers running continuously:
 - Cloud storage
 - Cryptocurrency “mining”
 - AI (energy use proprietary)
- “Hyperscale” data centers have at least 5,000 servers and redundancy in equipment and power (diesel generators)
- 8,000 globally, U.S. has more than any other country
- Midwest has desirable climate and water for cooling
- Development pressure transparency concerns in MI:
 - Local officials signing nondisclosure agreements
 - Minimal or generic front end public engagement
 - Utilities projecting future data centers and demand prior to informing the public and local officials
 - Master Plans and Spot Zoning

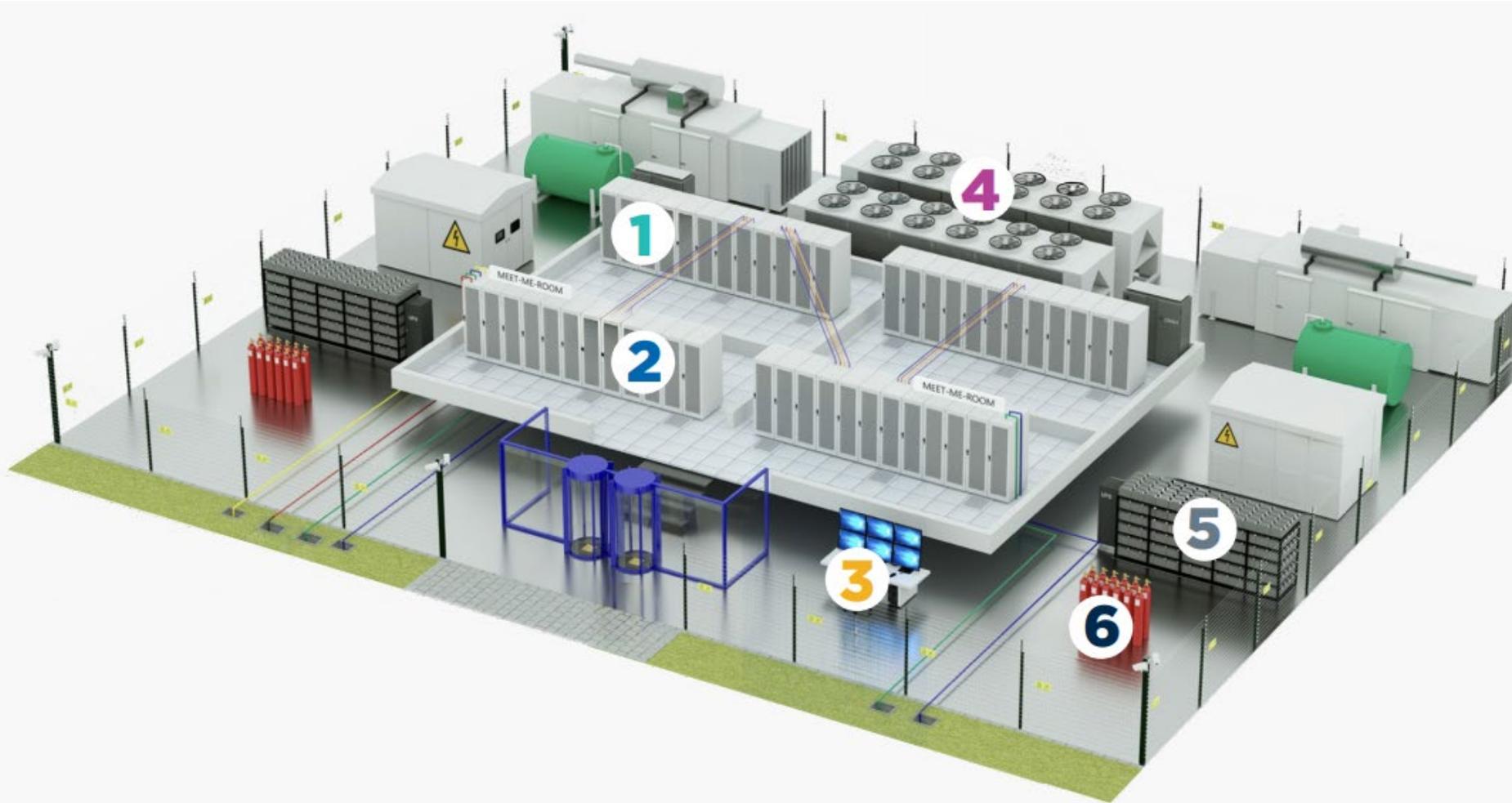


Vox: Can clean energy handle the AI boom?

Energy needs expected to double 2022-2026 (International Energy Agency)



Components of a Data Center



1 Servers

The backbone of data processing and storage, servers are computers connected together to run applications and computing tasks.

2 Storage Systems

Data centers house vast amounts of digital information, stored on solid-state drives or hard disk drives.

3 Networking Equipment

Includes routers, switches and firewalls that manage data traffic and security.

4 Cooling Systems

Prevent overheating by using air or liquid cooling methods to maintain optimal operating temperatures for computers.

5 Power Infrastructure

Includes backup generators and uninterruptible power supplies to ensure continuous operation.

6 Security Systems

Physical and cyber security measures such as biometric access controls, surveillance cameras and fire suppression systems.

Source: <https://datacenteruniversity.be/whats-inside-a-data-center>. To view this interactive graphic visit the Data Center University website.

State Data Center Tax Exemptions

- Public Acts 181 and 207 of 2024 (eff. 2025)
- **Eliminates state's 6% sales and use tax on Enterprise DC construction and equipment**

Requirements to Qualify

- 1 or more buildings to house DC equipment to centralize storage and processing of data
- Capital investment of at least \$250 million
- Creation of at least 30 jobs with wage req's
- Limitations on other tax benefits
- Limitations on electric service load rates
- Additional environmental requirements

Application and Certification managed by the Michigan Strategic Fund under the MEDC

MPSC Chair on the potential for large-scale data centers in MI (Crain's, Dec. 2024):

"multiples of the largest single installation in the state, and we could get a number of those. It's bigger in scale for even what we have in our manufacturing sector."

Legislation introduced in Dec. 2025 to repeal DC tax breaks (unlikely to be approved)

Data Centers in Michigan

- Gaines Township (GR suburb) had first notable DC in Michigan
- Steelcase “Pyramid” office building redeveloped as “Switch” DC (2017)
- Formerly farmland rapidly developing as industrial parks
- Microsoft expanding in Kent Co.



Nevada-based Switch Inc. converted Steelcase's former Pyramid building southeast of Grand Rapids into a data center.
Credit: Dale G. Young, Crain's Detroit Business

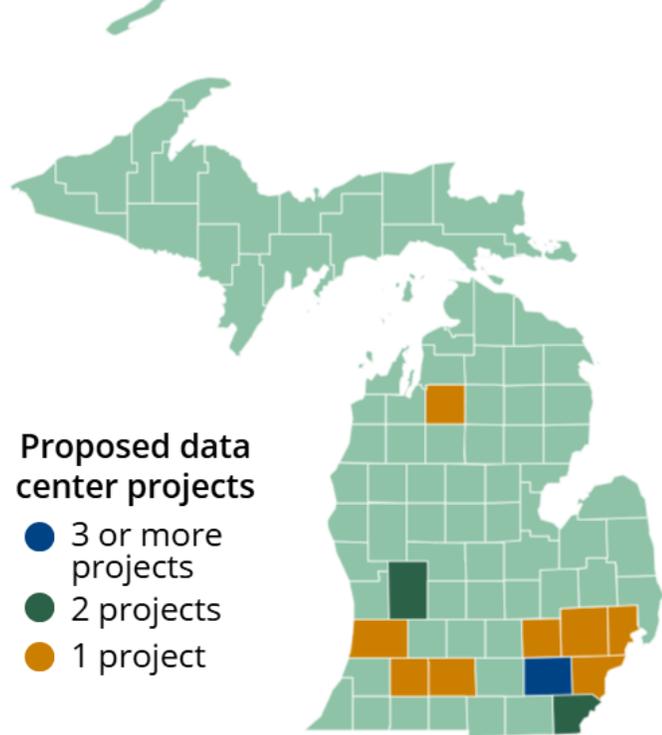


Business leaders and economic development officials argue that data centers, like Switch in Gaines Township, have become essential infrastructure for the digital economy, comparable to railroads in the 1800s. Joel Bissell | Jbissell@mlive.com

Data Centers in Michigan

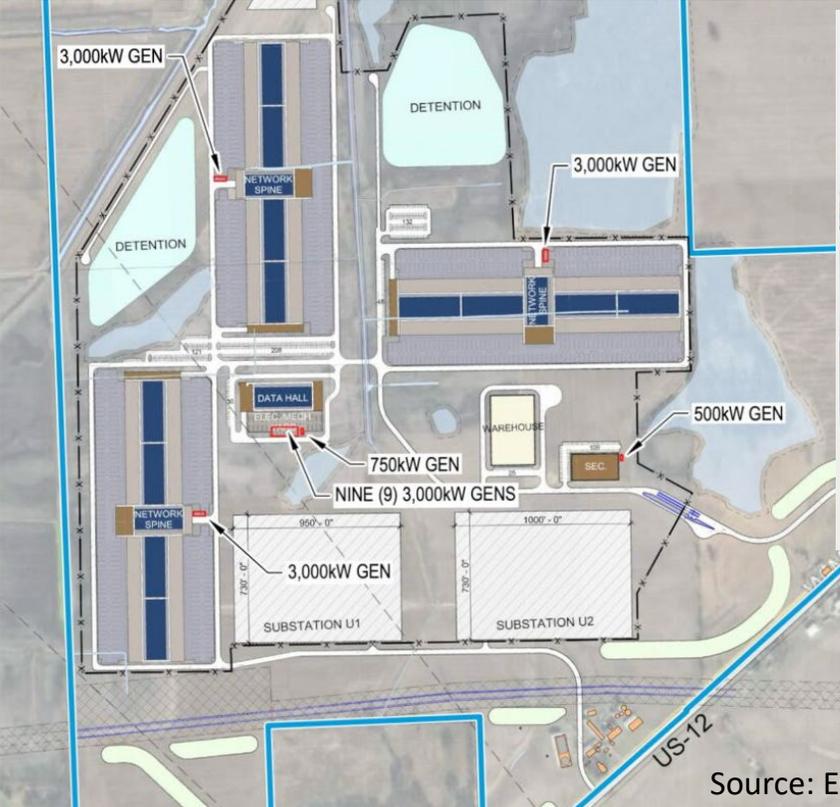
Data centers look to Michigan for growth

Hyperscale data centers have been proposed in 11 Michigan counties. Local communities are fighting some, while one has received key zoning approvals where construction may soon start.



Source: Bridge Michigan research
 — Kelly House, Mike Wilkinson

- Influx of data center proposals has occurred since the state tax exemptions
- Controversial “Stargate” in Saline Twp approved Dec. 2025



Protesters demonstrate near the DTE Energy headquarters in Detroit on Wednesday, Dec. 3, 2025, demanding the Michigan Public Service Commission conduct a thorough review before approving an energy deal for a proposed hyperscale data center in rural Washtenaw County. (Josh Boland for Bridge Michigan)

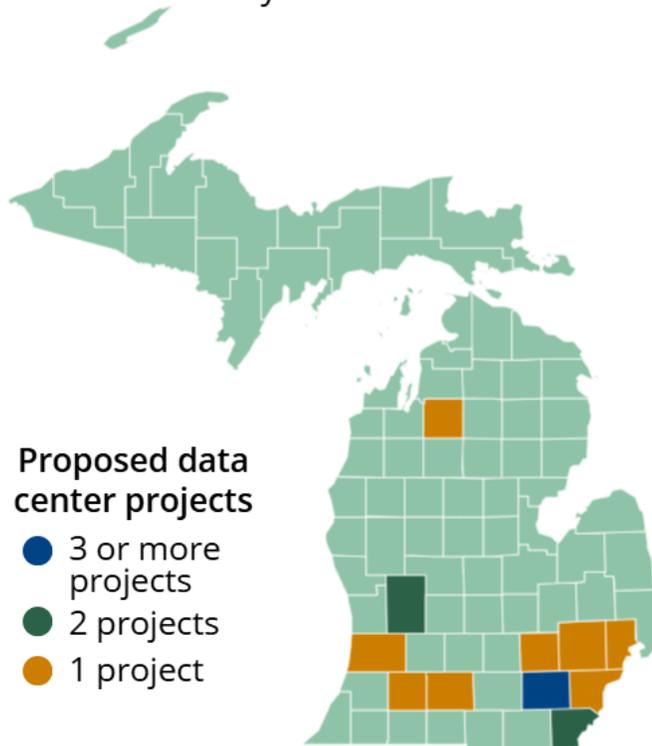


Source: EGLE

Data Centers in Michigan – Moratoriums

Data centers look to Michigan for growth

Hyperscale data centers have been proposed in 11 Michigan counties. Local communities are fighting some, while one has received key zoning approvals where construction may soon start.



Source: Bridge Michigan research

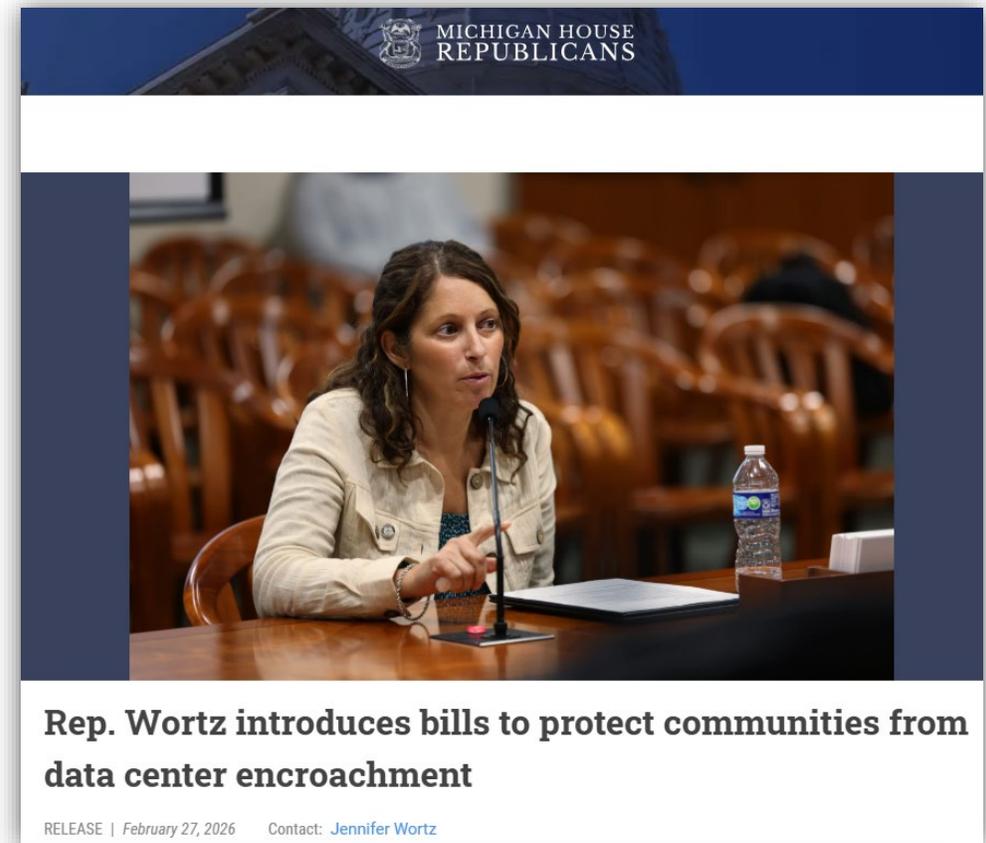
- “Stargate” in Saline Twp, Meta in Howell Twp, and other proposed DC’s have put local governments on notice
- Numerous local governments have passed development moratoriums on DC development:
 - Ypsilanti
 - Dearborn Heights
 - Sterling Heights
 - Pontiac
 - Taylor
 - Northville
 - Cascade Twp
 - Lyon Twp and others
- Moratoriums are meant to be temporary pauses (2 to 6 months) so regulations and protections can be reviewed

Proposed State Moratorium

- Legislation introduced in Dec. 2025 to repeal DC tax breaks (unlikely to be approved)
- Last week, Rep. Wortz introduced the “Data Center Regulation Act” (HB’s 5594-5596) to halt DC construction in MI until April 1, 2027 (unlikely to be approved)
 - Based on concerns with Stargate and other rural communities

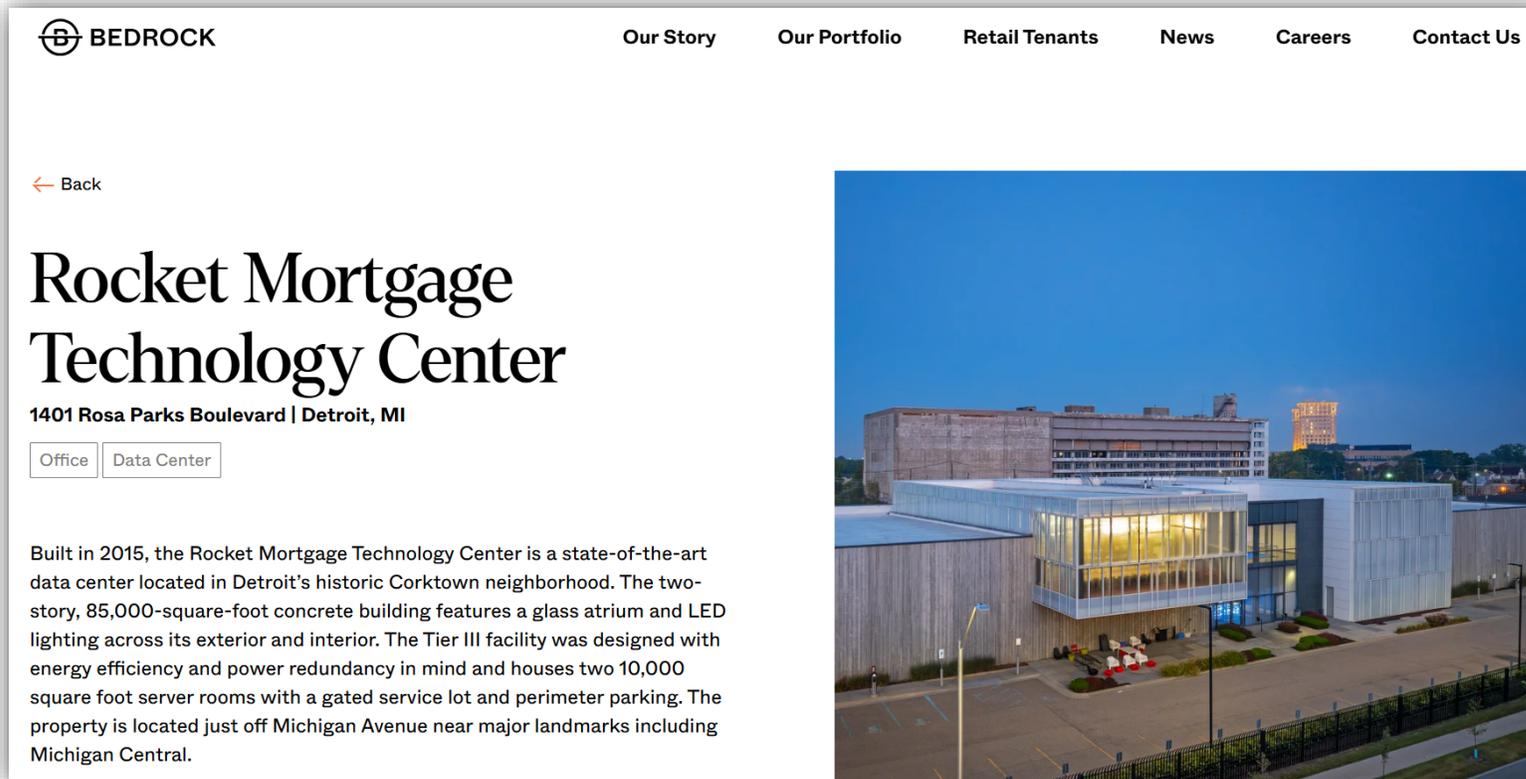
Rep. Wortz: *“As technology continues to advance, data centers will be needed, and some townships will decide that it’s right for their people, but we need to give them more time to examine these challenges before plunging headfirst into hyperscale projects.”*

- House Oversight Committee also discussing general issue (no bills proposed)

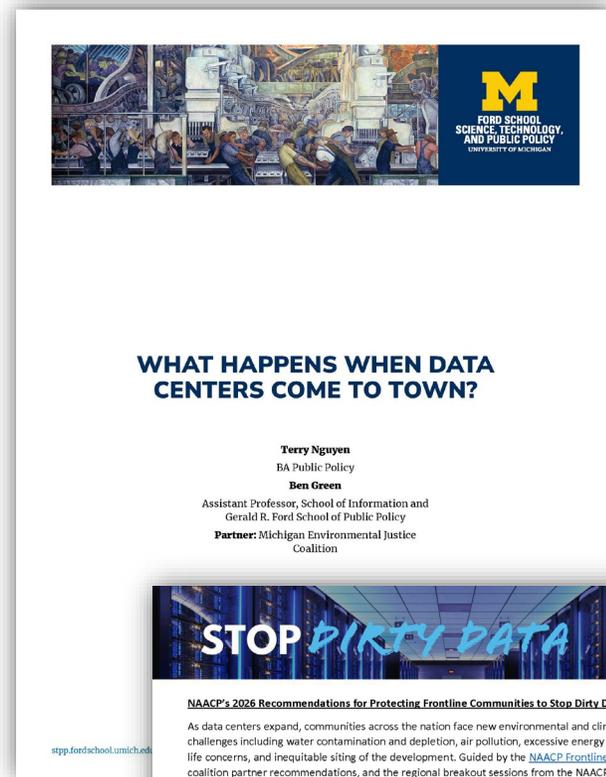


Detroit ZO and Data Centers

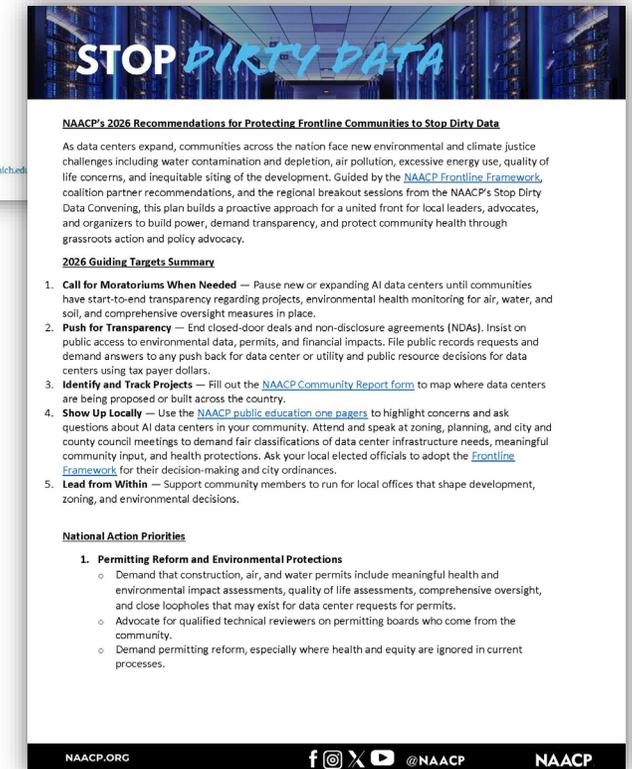
- Detroit ZO does not specifically address DCs
- Many of the communities with moratoriums are studying their polices and regulations to address data centers
- Recent resources available from APA, UofM, MSU, NAACP



The screenshot shows the website for the Rocket Mortgage Technology Center. At the top is the BEDROCK logo and a navigation menu with links for 'Our Story', 'Our Portfolio', 'Retail Tenants', 'News', 'Careers', and 'Contact Us'. Below the navigation is a 'Back' button. The main heading is 'Rocket Mortgage Technology Center' with the address '1401 Rosa Parks Boulevard | Detroit, MI'. There are two buttons: 'Office' and 'Data Center'. A large photograph of the building is on the right. The text on the left describes the building as a state-of-the-art data center built in 2015, located in Detroit's historic Corktown neighborhood. It features a glass atrium, LED lighting, energy efficiency, and power redundancy. The building houses two 10,000 square foot server rooms with a gated service lot and perimeter parking. The property is located just off Michigan Avenue near major landmarks including Michigan Central.



The screenshot shows a report titled 'WHAT HAPPENS WHEN DATA CENTERS COME TO TOWN?'. At the top right is the logo for the Ford School of Science, Technology, and Public Policy at the University of Michigan. The report lists Terry Nguyen as the author, with a BA in Public Policy. Ben Green is listed as an Assistant Professor at the School of Information and Gerald R. Ford School of Public Policy. The report is a partner of the Michigan Environmental Justice Coalition. Below the title is a photograph of a data center aisle with the text 'STOP DIRTY DATA' overlaid. The report includes a link to 'http://fordschool.umich.edu' and a section titled 'NAACP's 2026 Recommendations for Protecting Frontline Communities to Stop Dirty Data'. This section discusses challenges as data centers expand and provides a list of five guiding targets for 2026. The first target is 'Call for Moratoriums When Needed', the second is 'Push for Transparency', the third is 'Identify and Track Projects', the fourth is 'Show Up Locally', and the fifth is 'Lead from Within'. A 'National Action Priorities' section follows, with the first priority being 'Permitting Reform and Environmental Protections', which includes demands for meaningful health and environmental impact assessments, quality of life assessments, comprehensive oversight, and demand for qualified technical reviewers.



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