



Re. Data Center Omnibus Bill, Oppose

Minnesota Legislators,

MCEA respectfully opposes the data center omnibus bill. The failure to require mandatory environmental review procedures for hyperscale data centers along with the continuation of generous tax incentives leaves our state vulnerable.

Environmental Impact Statements, or EIS's are comprehensive environmental studies that help the state and the public understand the benefits, drawbacks, and environmental impacts of a proposal. They are the key moment - sometimes the only moment - when the public is consulted and invited to comment. EIS is a critical piece of consultation with tribal governments. Leaving this step out means a lack of transparency, democracy, and engagement with stakeholders. It denies the opportunity for Minnesotans to decide for ourselves how we want to use our natural resources. The AUAR process that is currently used is completely inadequate, and may well result in litigation without legislative requirements for a better process.

MCEA supports the following provisions in the bill:

- Elimination of the sales tax exemption for electricity (tax bill).
- Authorizes the DNR to request info for preapplication review of data center water appropriations.
- Requires all the energy provided to data centers comply with the 100% law—and benchmarks and off-ramps are prohibited.
- Certificate of need permit is still required for backup generation.

However, MCEA opposes the bill for the following reasons:

- The water sections essentially reiterate provisions that already apply to large water appropriations in state law and rule. For example, the DNR is already required to consider the public interest under the groundwater sustainability standard in 103G.287, they already have to follow water use conflict procedures as outlined in state rule, and the DNR is already expected to require an aquifer pump test (though they have discretion to waive it as unnecessary, which is unchanged by this language).
- There is not sufficient environmental review under an AUAR, and data remains non-public. Information about water and energy usage will continue to be concealed, limiting the public's ability to understand the consequences of these projects.
- The bill creates a "clean energy or capacity tariff" which would allow data centers to build their own gas plants that may potentially fall outside of the requirements of the 100% clean energy law.
- Extending the sales tax on equipment from 2042 to 2077 is unnecessary and expensive.
- Provides no protections for host communities in terms of siting, noise, or light pollution.
- Does not address the transparency problems caused by the use of nondisclosure agreements by local governments.

After carefully considering the pros and cons of this bill, we recommend a no vote. To gain MCEA's support, a data center bill must include mandatory environmental review, a provision to end the loophole that allows data centers to use municipal water permits, and real transparency and protections for Minnesota communities.

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