



Testimony in OPPOSITION to S-2346 Relating to Data Centers

Senate Committee on Commerce

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The Economic Progress Institute **opposes S-2346**, which would provide potentially massive tax incentives for the construction and running of data centers in Rhode Island.

We oppose this proposal for the following reasons:

- The legislation would commit Rhode Island to at least 30 years of tax incentives, **without placing any caps on these incentives**. These incentives are **difficult to predict reliably**; Texas had originally estimated their FY2025 incentive to cost a total of \$130 million, but that estimate rose to **\$1 billion** over less than two years. Texas, Virginia, Illinois, and Arizona have all seen **costs increase by more than 1,000%** over a few years.
- Rhode Island does not impose sales tax on power purchases, so that itself is already a **major subsidy that would be on top of the incentives proposed** in this legislation.
- Although the legislation does not specifically address utility costs, the experience in other states has been that because data centers use so much electricity, those costs are often spread to others. In particular, a large and sudden increase in electricity demand **could raise wholesale electric costs that will get passed on to consumers in general**.
- Although there might be hope of some jobs, **these projects do not create many jobs**; this legislation contains **no job creation requirement** and **no requirement that the jobs will go to Rhode Islanders** or be **union jobs at good pay**. The payroll requirement could include highly-compensated executives. New Jersey's incentive program, for example, requires the creation of only 100 jobs.
- These projects cause **environmental problems** including light pollution; although the bill aims to incentivize construction in lower-income areas, these data centers might create environmental problems for neighbors without providing many jobs.
- The proposal prescribes **insufficient penalties for failure to meet program requirements** and **lacks strong transparency and reporting requirements**.

In brief, this proposal offers many risks and few guarantees. **It risks unknown and possibly vast amounts of revenue loss we cannot afford in the years to come.** We urge you to **hold this for much further study** rather than rashly committing Rhode Island to what could prove to be a huge and costly mistake.



Sources

For more information on the **revenue threats**, see Kasia Tarczynska, “Clouded Judgment: Data Center Subsidies Don’t Add Up,” *Good Jobs First* (January 23, 2026), <https://goodjobsfirst.org/clouded-judgment-data-center-subsidies-dont-add-up/>, and this report, also from the organization Good Jobs First: *Cloudy With a Loss of Spending Control: How Data Centers Are Endangering State Budgets* (<https://goodjobsfirst.org/wp-content/uploads/2025/04/Cloudy-with-a-Loss-of-Spending-Control-How-Data-Centers-Are-Endangering-State-Budgets.pdf>).

On the **lack of transparency** of data center incentive programs, see Kasia Tarczynska, *Cloudy Data, Costly Deals: How Poorly States Disclose Data Center Subsidies*, *Good Jobs First* (November 2025), <https://goodjobsfirst.org/wp-content/uploads/2025/11/Cloudy-Data-Costly-Deals-How-Poorly-States-Disclose-Data-Center-Subsidies.pdf>.

For a video on **the problems data centers can bring to communities**, please see this video: [We Went To Georgia. Facebook's Data Center Took This Town Hostage. - YouTube](#).