



Testimony in OPPOSITION to S-921 Relating to Data Centers

Senate Committee on Commerce

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The **Economic Progress Institute** opposes **S-921**, which would provide 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 up to 50 years of tax incentives, **without placing any limits 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 now stands at **\$1 billion**.
- Rhode Island does not impose sales tax on power purchases, so that itself is a major subsidy that would be on top of the incentives proposed in this legislation.
- While the proposal is not clear, it appears to include **a tax exemption on capital gains** from investments in data centers, which could be a huge giveaway to the wealthy who already are taxed federally at a lower rate for capital gains income.
- 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**; the legislation contains no job creation requirement or requirement that the jobs will go to Rhode Islanders or be union jobs at good pay.
- These projects can cause **environmental problems** including light pollution; although the bill aims to incentivize construction in lower-income areas, in the end these data centers might create environmental problems for neighbors without providing many jobs.
- The proposal **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.



For more information on the revenue threats, please see a brand new report 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>).

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](#).