



Data Centers in Michigan

A Public Policy Perspective

Construction Association of Michigan

September 9th, 2026



- Founded 1916
- Statewide, non-partisan, private not-for-profit
- Relies on charitable donations from foundations, businesses, and individuals
- Promotes sound policy for state and local governments through factual research – accurate, independent, and objective

Eric Paul Dennis, PE



- BSE, Civil Engineering, Michigan State University, 2006
- MSE, Environmental Engineering, University of Michigan, 2010
- MS, Urban and Regional Planning, University of Michigan, 2012
- Michigan-licensed PE since 2012
- Joined CRC in January 2022 as Research Associate of Infrastructure Policy

Context:

Data center development has become highly contentious

- Large *hyperscale* developments driven by both traditional cloud services and development of Large Language Model (LLM) AI tools.
- Huge investments and accelerated timelines offer potential benefits for many.
- Opposition to data centers has become a cultural phenomenon driven in part by distrust of big tech and AI.
- Citizens Research Council research is intended as a neutral evidence-based evaluation of issues.



Background:

Data centers can be very different

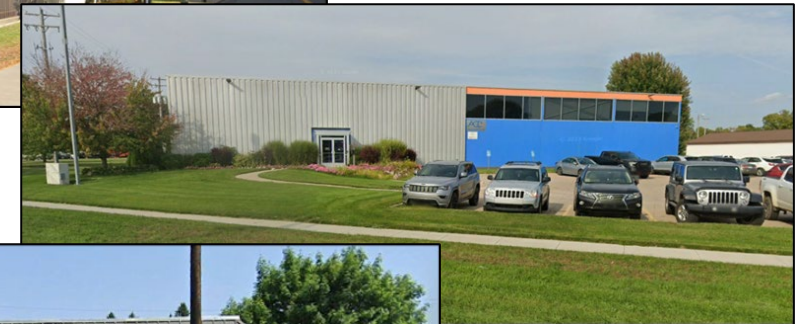
Oracle/OpenAI 1,400 MW 'Stargate' Project – Saline Twp.



Cogent, Detroit (1984)



ACD.net MetrolIX,
Lansing (2006)



1010 Technology Center,
Inc., Alpena (2013)



Economic Impacts

MI Tax Incentives

- Sales and Use Tax exemption for hyperscale “enterprise” data centers (2024 PA 181 and 207).
- Sales and Use Tax exemption for colocation data centers (2015 PA 251 and 252).
- Potential Industrial Facilities Tax (IFT) exemption on 50% of property taxes for 12 years (1974 PA 198).
 - Requires local *and* state approval.
- Renaissance Zone property tax abatement (Switch, Gaines Township).

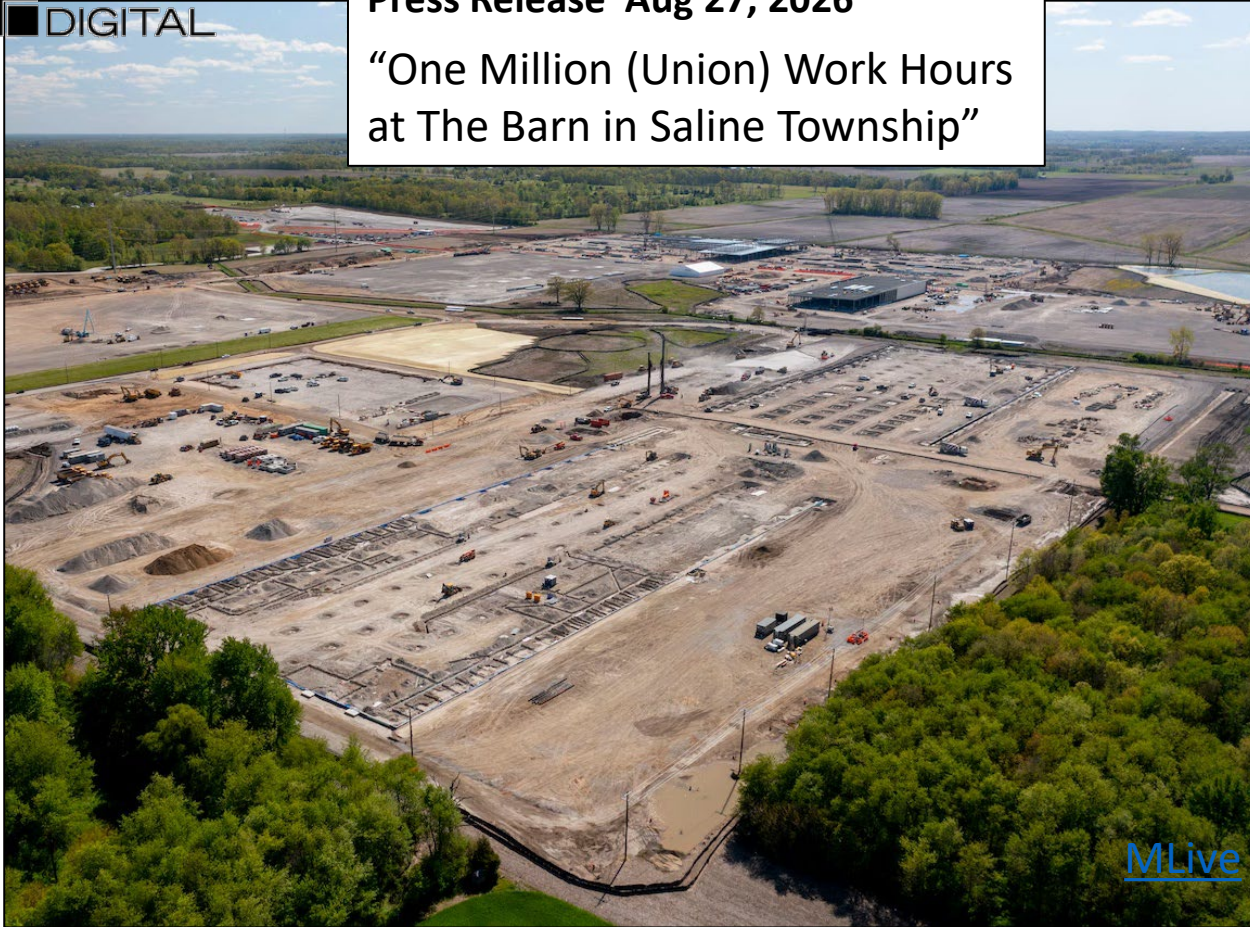


Economic Impacts of Hyperscale Data Centers

RELATED DIGITAL

Press Release Aug 27, 2026

“One Million (Union) Work Hours
at The Barn in Saline Township”



- Primary economic impact is during construction (~2 years).
- Permanent job creation is modest.
- Data centers rarely attract additional businesses or economic development.
 - [PSC report](#) recommends considering additional investment (e.g., technology campus) as a condition of property tax abatements.
- *Long-term local benefits come through property taxes and community benefit agreements.*

Oracle Stargate Data Center, Saline Township

Oracle has requested the 50% Industrial Facilities Tax (IFT) exemption on **\$43 billion** in property value.

Additional Community Benefits

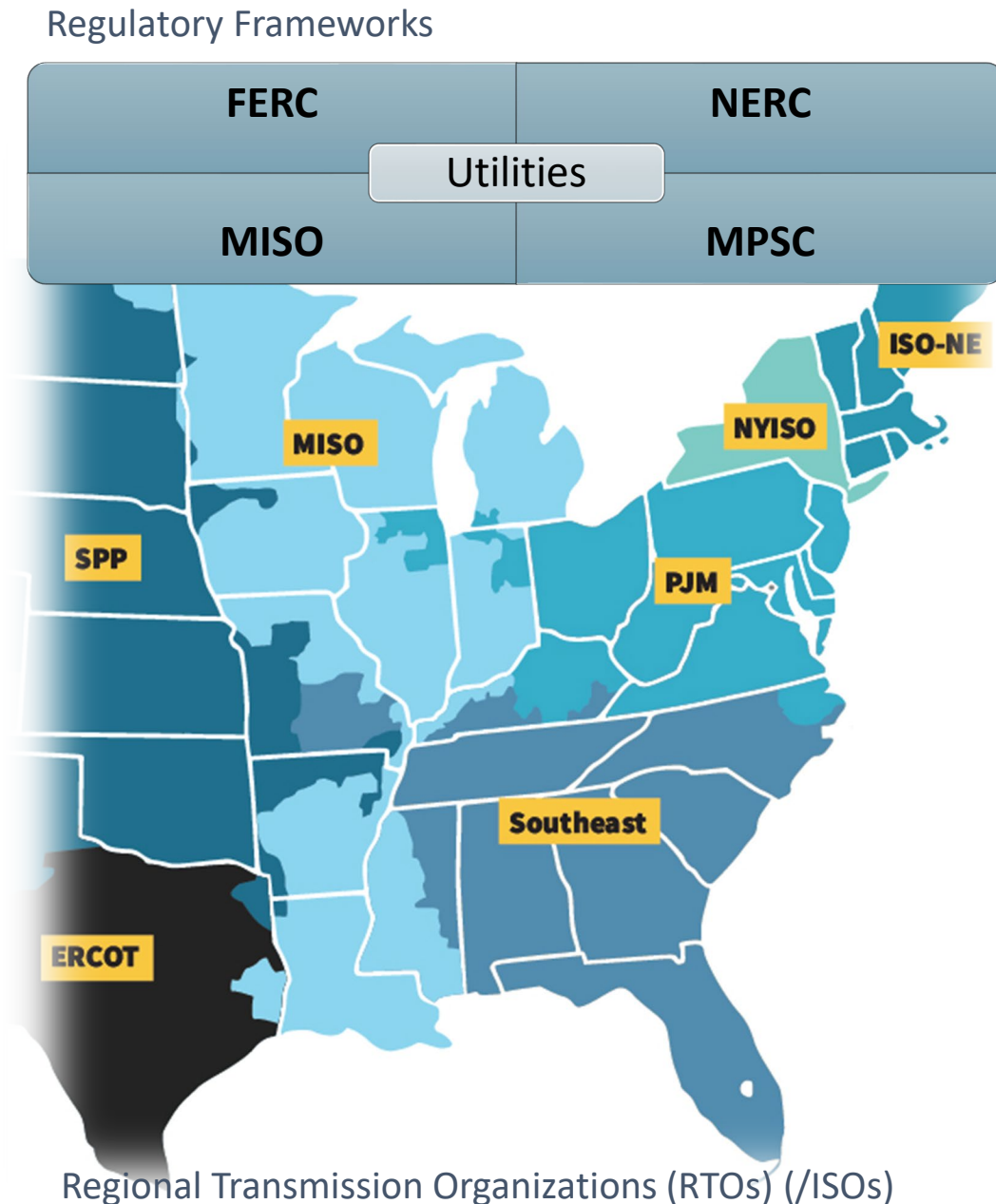
Taxing Jurisdiction (Based on 2025 millage rates and 50% IFT exemption for first 12 years)	Average Annual Revenue Estimate
Saline Township (Allocation and Voter-approved millages)	\$ 3,500,000
Washtenaw County (Operating and Voter-approved millages)	\$ 9,400,000
Saline School District (Operating*, Sinking, and REC millages)	\$ 3,000,000*
<i>Saline School District (Debt only – 7.500 millage in 2025)</i>	<i>\$ 19,000,000</i>
Washtenaw Community College	\$ 4,300,000
Washtenaw Intermediate School District	\$ 7,100,000
Saline District Library	\$ 1,500,000
HCMA (Metroparks)	\$ 265,000
State Education Tax (MI School Aid Fund)	\$ 360,000

- \$2 million to Township Farmland Preservation Trust Fund
- \$2 million to Township Community Investment Fund
- \$8 million to local fire departments plus access to data center water source
- \$10 million donation to Saline Recreation Center (*Voluntary – not in consent agreement*)

Electric Service

Impacts on the Electric Grid: *Reliability*

- No influence on typical residential power outages. Houses & most businesses are on the *distribution grid*.
- Hyperscale data centers are connected directly to the *transmission grid*.
- Data center load fluxes have imposed transmission reliability concerns for utilities and grid managers, but not failures.
- Policies are in place ([and evolving](#)) to maintain reliability.

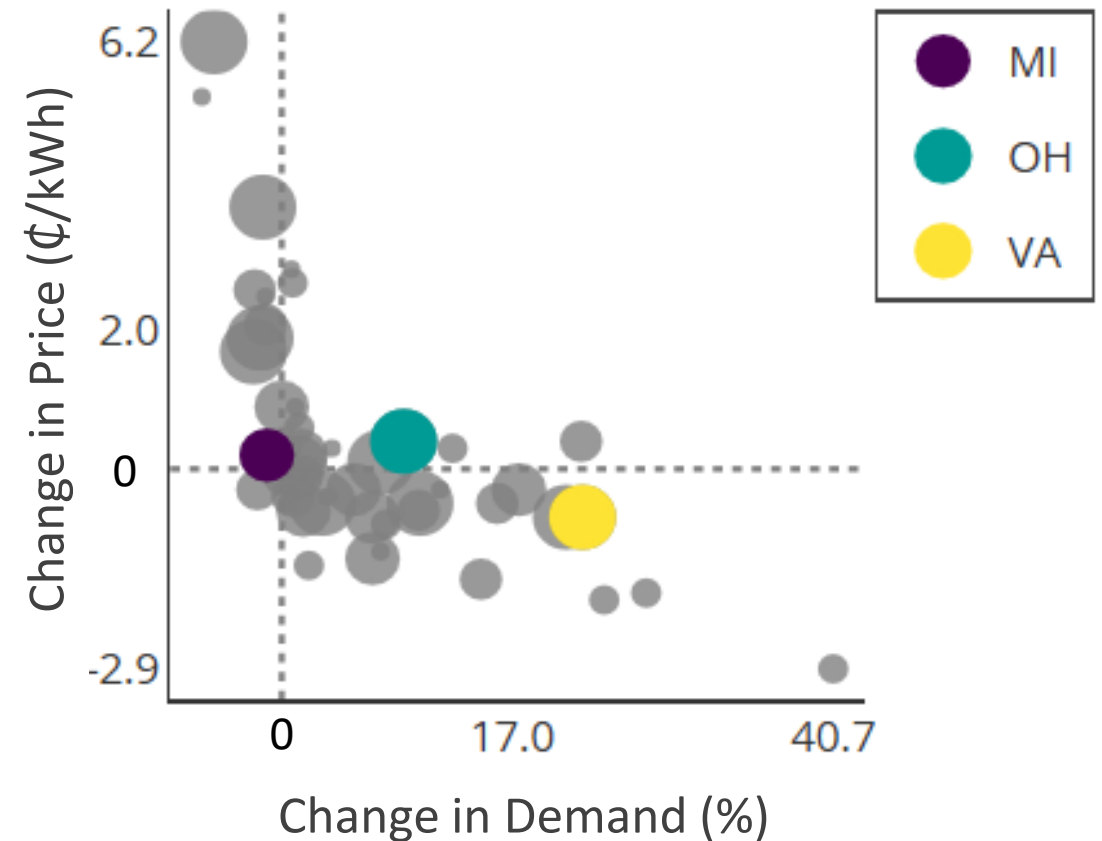


Impacts on the Electric Grid:

Electric Rates

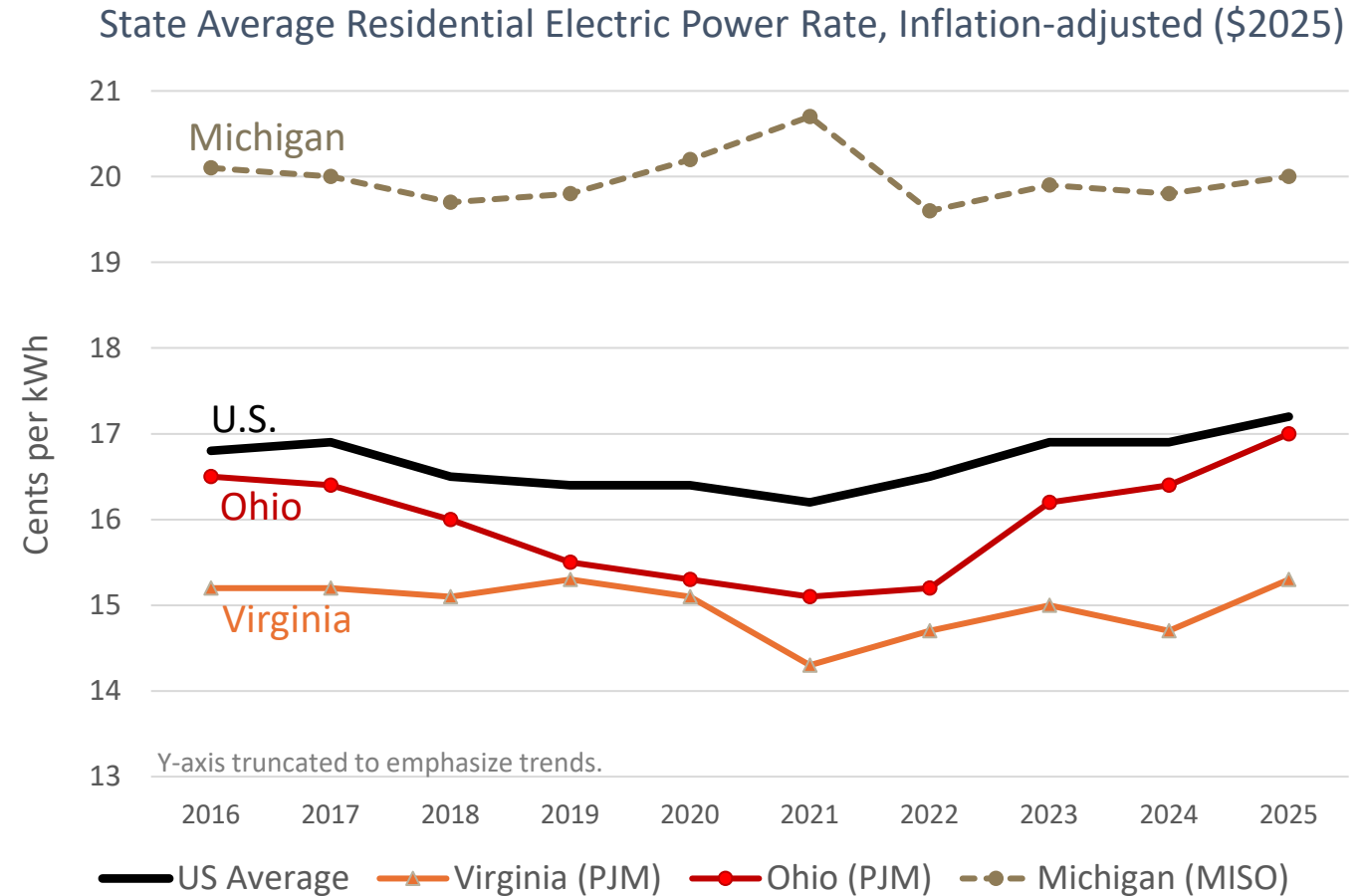
- Increasing electric demand *tends* to reduce rate increases.
- Data center demand offers unique opportunities to further control rates (e.g., through demand response).
- Data center capacity demand (existing and forecasted) *was implicated* in a percentage of 2025/2026 rate increases in PJM region (e.g., OH, VA) with future increases coming.

U.S. State Change in Retail Electricity Prices (¢/kWh) vs. Change in Electric Power Demand (%) 2019 to 2025, *Inflation-adjusted (\$2025)*



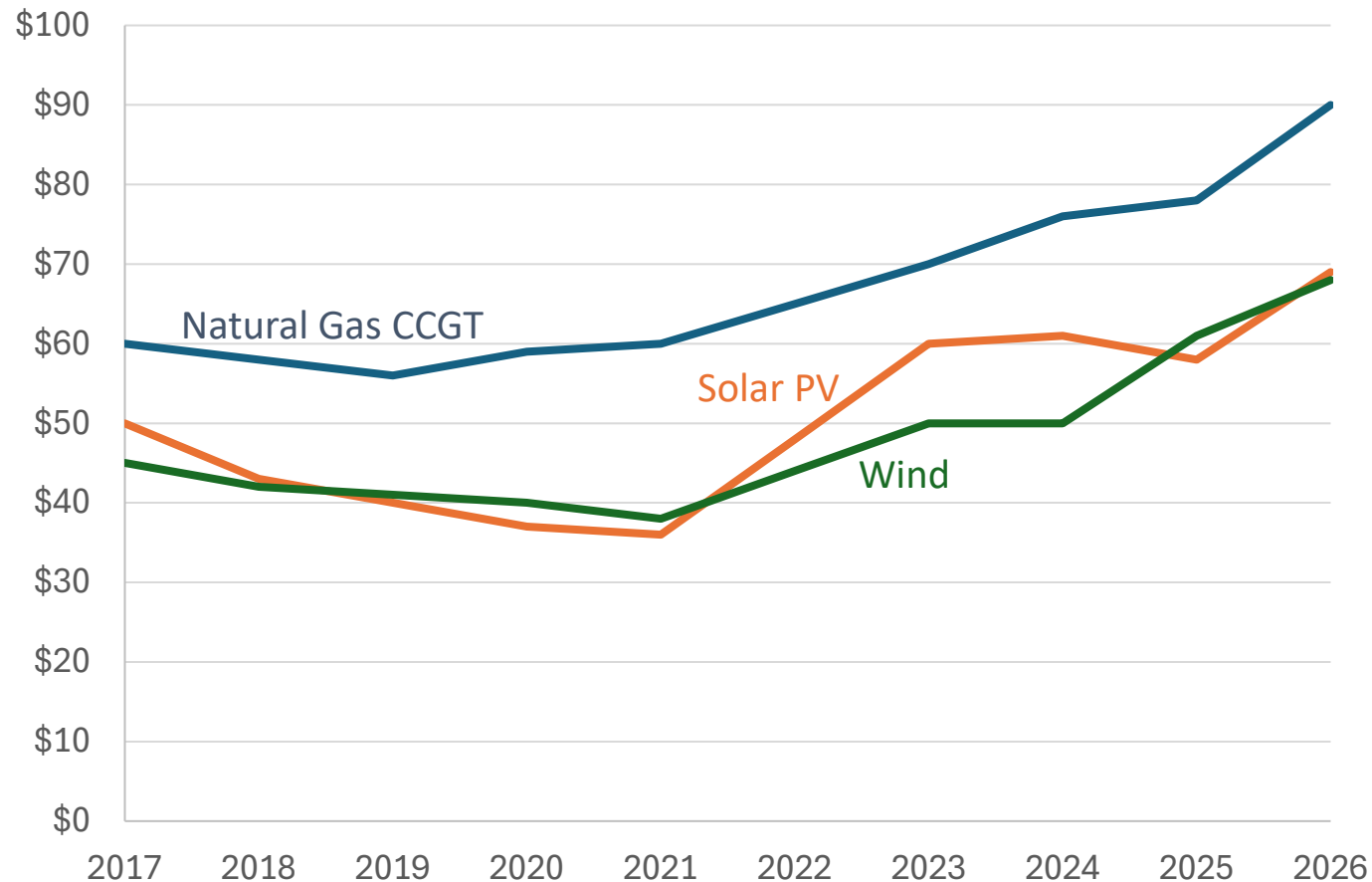
Residential Electric Rates

- Concern over data centers increasing electricity rates for residents is largely based on increased 'capacity' prices in the PJM region.
- Capacity prices are a small impact on full rates.
- Virginia and Ohio, PJM states with data center hubs, have lower residential rates than Michigan as of 2025.



The Cost of Electricity is Poised to Increase Substantially in the United States

Levelized Cost of Energy (\$/MWH) (New build)



Cost drivers include:

- Material shortages and cost inflation (e.g., transformers, cables, turbines)
- Fluctuating fuel prices (natural gas)
- More stringent reliability standards
 - Capacity
 - Transmission
 - Distribution Aging infrastructure – need to replace and modernize
- Federal tax and trade policies
- Energy transition
- *Increasing demand (including from data centers)*

MPSC Cost of Service Study for DTE Oracle (Saline) and Google (Van Buren) Data Centers

Power Supply (\$000)	Oracle	Google	Total
Total Residential	\$ (114,601)	\$ (72,102)	\$ (186,703)
Total Commercial	(62,278)	(38,860)	(101,138)
Total Primary	(64,619)	(92,745)	(157,364)
Total Lighting	(753)	(451)	(1,204)
Total Production	\$ (242,251)	\$ (204,158)	\$ (446,408)

Distribution (\$000)	Oracle	Google	Total
Residential Secondary	\$ 5,156	\$ 4,668	\$ 9,823
Commercial Secondary	2,059	1,941	4,000
Primary	3,834	2,998	6,832
Subtransmission	2,572	73	2,645
Transmission	25,793	(7,266)	18,528
Lighting	316	215	531
Total Distribution	\$ 39,730	\$ 2,628	\$ 42,358

Total	\$ (202,521)	\$ (201,529)	\$ (404,050)
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- **Michigan Public Service Commission (MPSC) staff estimates combined \$400 million net cost savings over 20-year period *with conservative assumptions*.**
- DTE estimates \$1.7 billion 'customer benefits' from Google data center *alone*.
- Interpret all estimates with caution (this stuff is complicated).
- Evident that data center load will allow DTE to mitigate future rate increases – contention is by how much.

Water Resources

Are data centers a threat to the Great Lakes?



by Stephen Starr, Great Lakes Now

May 20, 2025



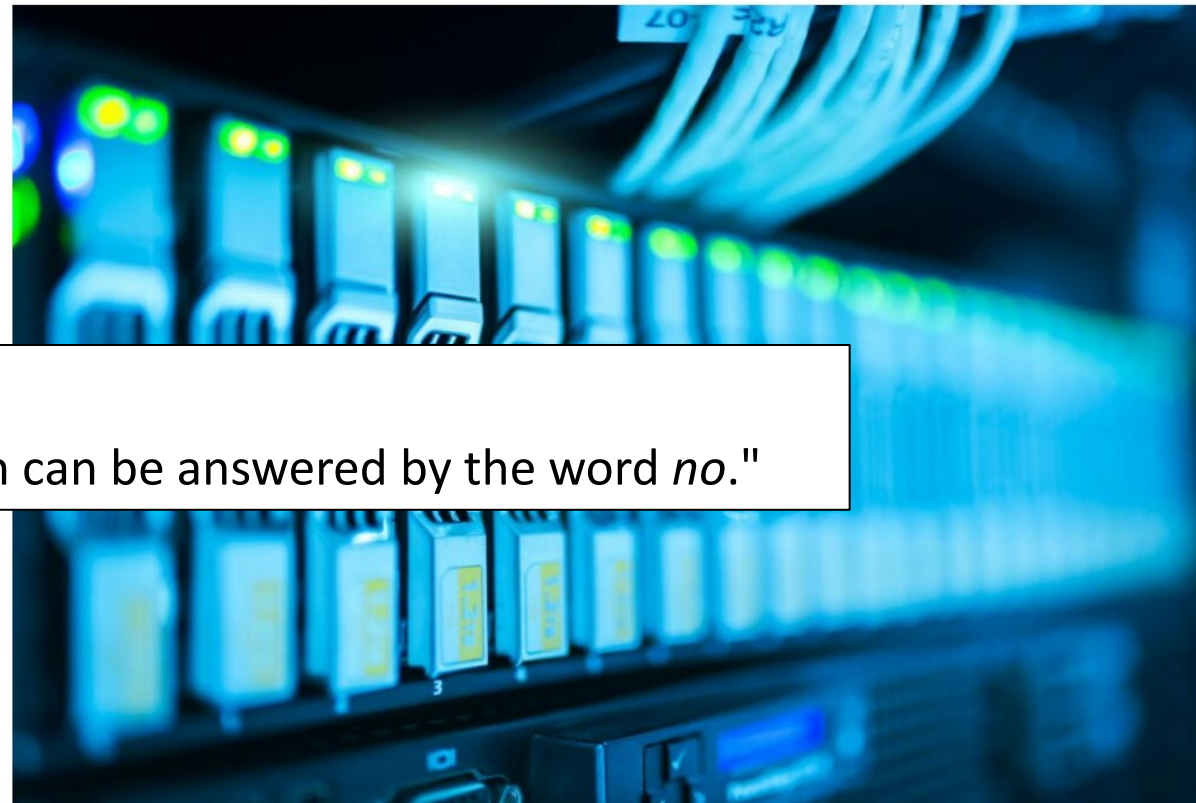
Betteridge's Law:

"Any headline that asks a yes/no question can be answered by the word *no*."

NEWS

Are data centers draining the Great Lakes?

Bridge by Bridge Michigan
August 20, 2025

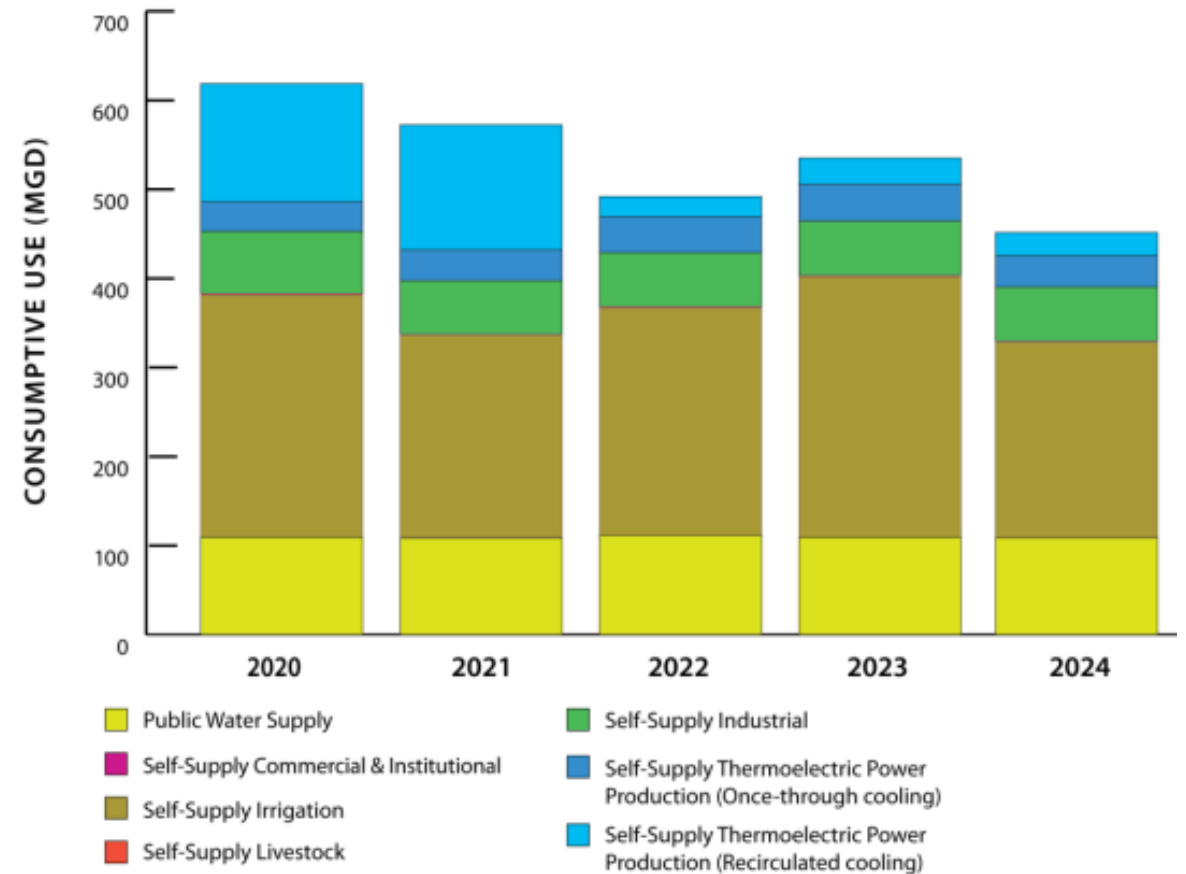


Great Lakes states may face water supply issues from data centers, a report suggests, calling for improved decision-making to safeguard resources.

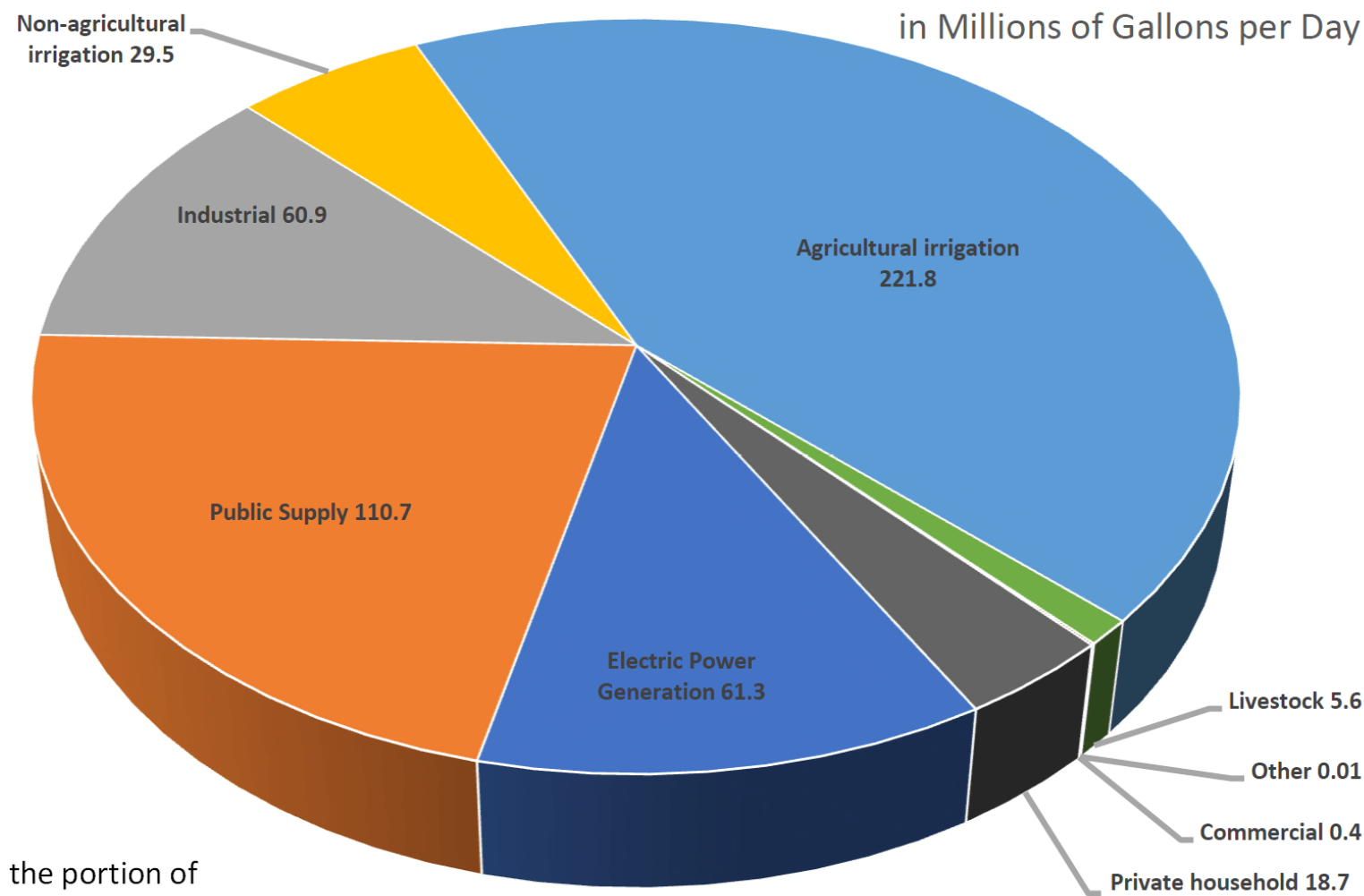
Hyperscale Water Consumption

- *Water Consumption:* Water used and not returned to the watershed (e.g., through evaporative cooling).
- Consumptive use of a hyperscale data center may exceed 3 million gallons per day (MGD).
- Associated power generation may consume over 5 MGD.
- Typical consumption is much less.
- EGLE conducts Adverse Resource Impact studies on any withdrawal over 100,000 gallons per day (0.1 MGD), preventing harm to vulnerable aquifers.
- Minimal risk in Michigan.

Michigan Water Consumption, 2020 to 2024



Michigan Consumptive Water Use by Category, 2024



*Consumptive use is the portion of a withdrawal that isn't returned locally due to evaporation, incorporation into products, or transport out of the Great Lakes Basin.

Loss from basin via Chicago River alone is > 2 billion gallons per day.

Natural evaporative losses = several hundred billion gallons per day.

Impacts on the Water Resources:

Water Pollution

- Concern: Chemicals added to cooling water may be discharged, causing pollution.
- Pollution controlled through Clean Water Act.
- Risk is similar to any industrial facility using liquid cooling systems.
- Could not validate any reporting of data center water pollution.



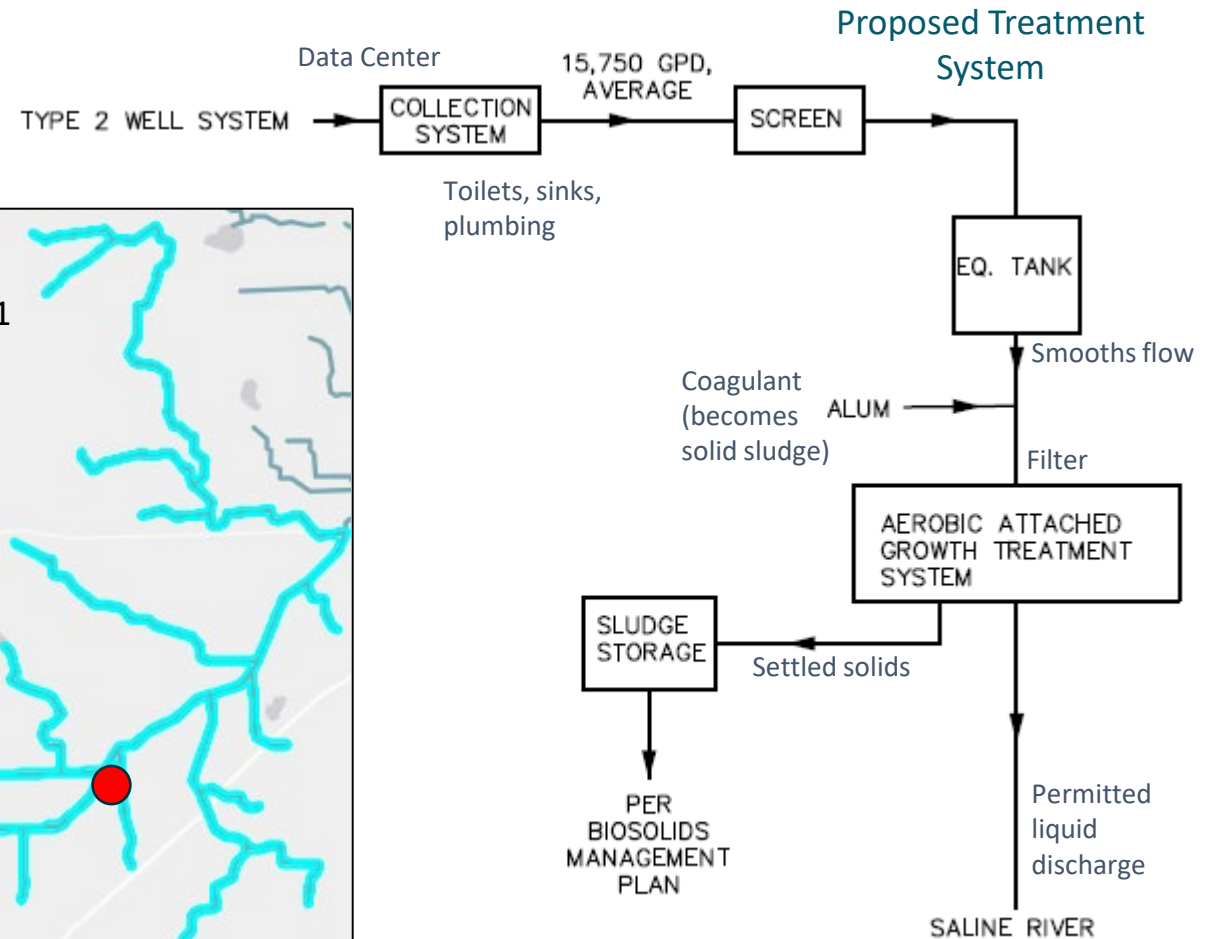
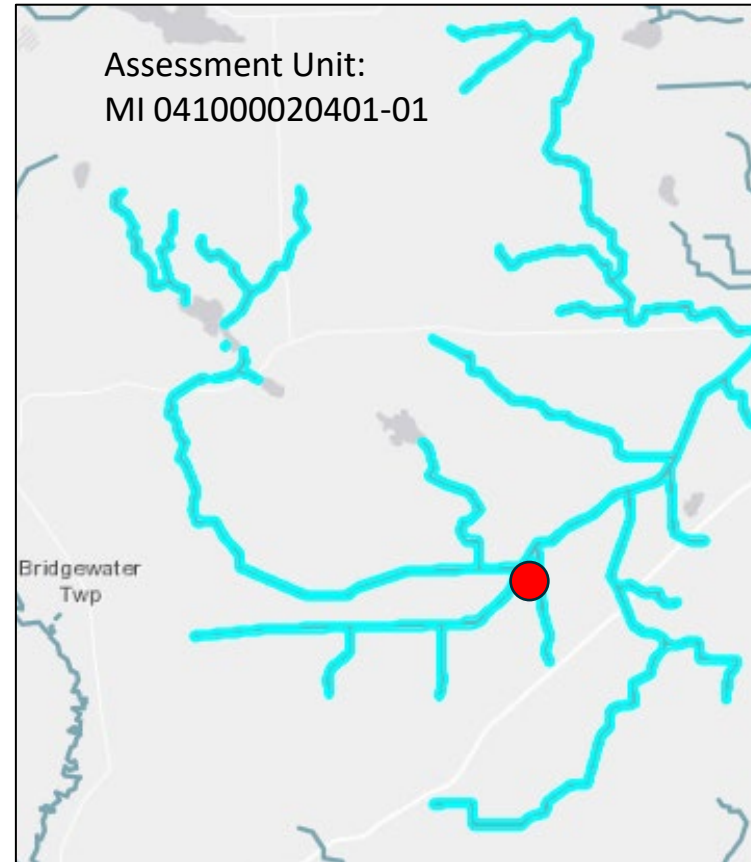
Saline Data Center Discharge Permit

“Authorizes an increased loading of certain pollutants which will lower the water quality with respect to certain parameters.”

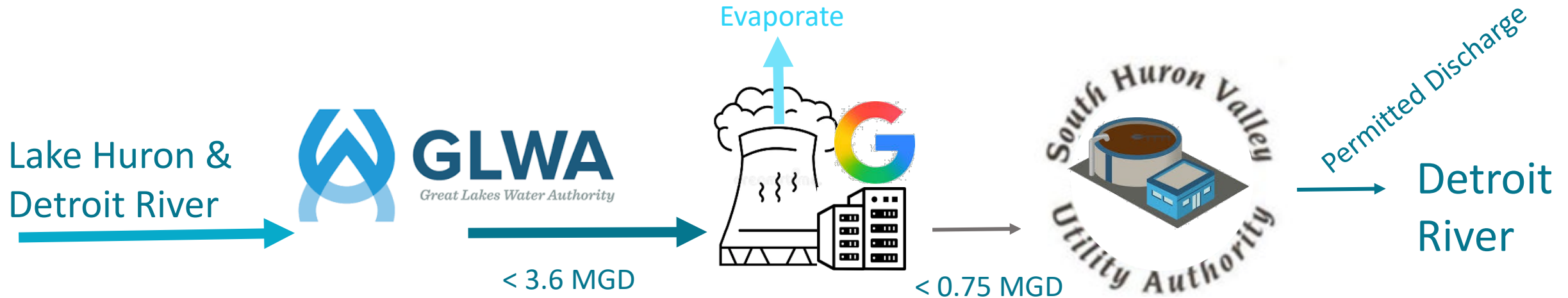
“Shall not cause an exceedance of water quality standards.”

Permitted discharge (limited and monitored to “non-degradation” levels)

- Total Suspended Solids
- Biochemical Oxygen Demand
- Nitrogen
- Phosphorus
- pH
- Fecal Coliform Bacteria (indicator of treatment efficacy)
- Dissolved Oxygen (minimum)
- ~16,000 gallons per day



Van Buren Data Center Consumption and Discharge



Adequate Supply is available from Great Lakes basin. GLWA system currently operating far under capacity.

Developer funding direct connection to GLWA main. Serviced through Van Buren Township.

Effluent discharged to sanitary sewer. *Exact constituents of wastewater are not publicly known.*

All sanitary sewage is treated and discharged under permit. South Huron Valley Utility Authority is responsible to maintain compliance.

Additional Concerns

Other Potential Negative Externalities

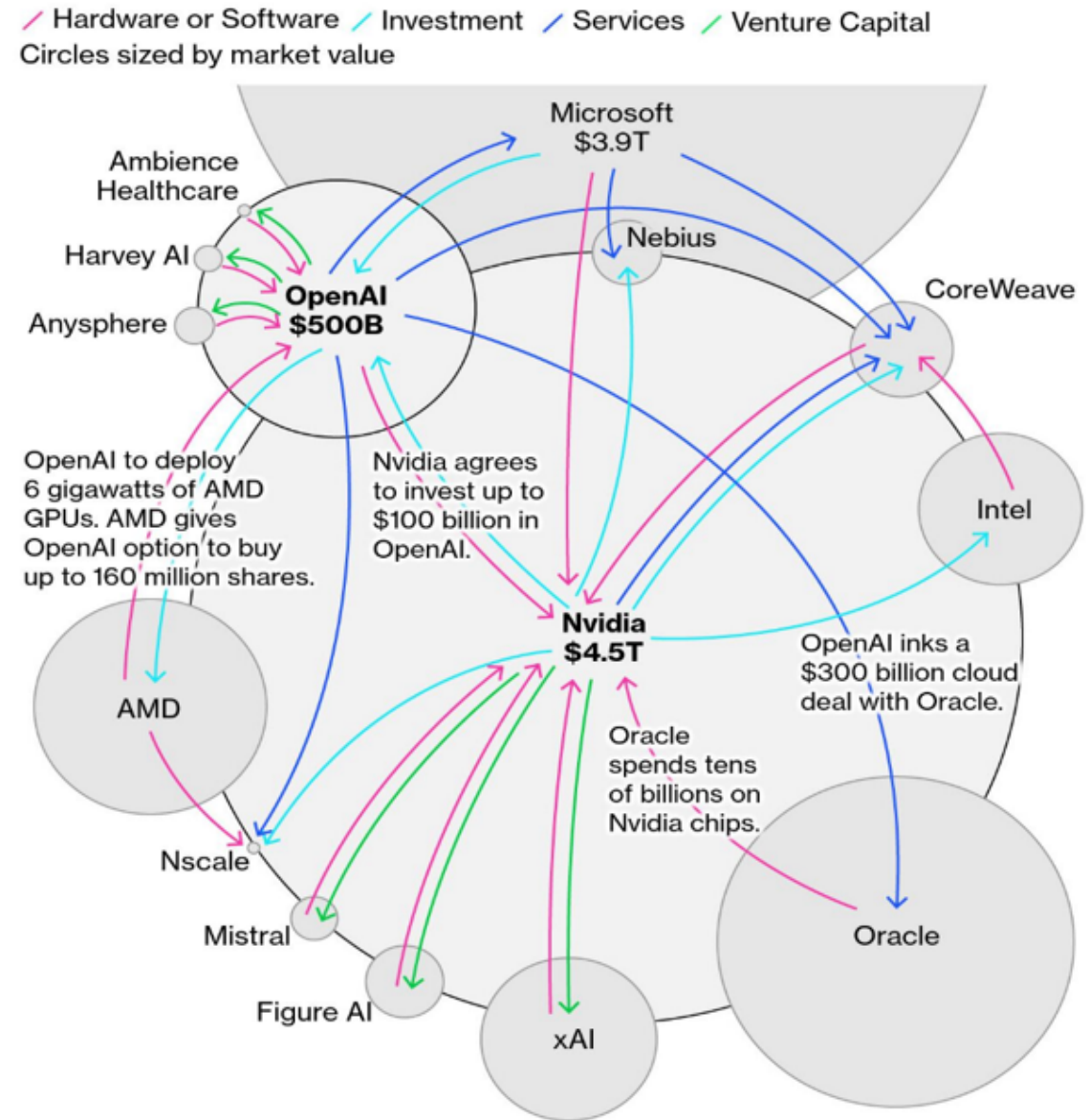
- Noise Pollution
- Light Pollution
- Air Pollution
- Waste Heat Impact
- Rural Land Use (Community Identity)
- Construction Phase Disruption



Risk of an AI Bubble

- Investments in hyperscale data centers are supported by \$ trillions in speculative investments and circular funding.
- Pending bubble 'burst' is unlikely to lead to long-term vacant data center sites. Demand for large-scale computing is likely to increase for the foreseeable future.
 - Wildcard: Quantum computing or paradigm-shifting advancements in AI.
- However, financial constraints may cause projects to be paused. Ownership changes may be possible.
- Supply-chain constraints may require work-stoppage even where funding is available.

How Nvidia and OpenAI Fuel the AI Money Machine



Source: Bloomberg News reporting

Bloomberg



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