UNDERSTAND AND EVALUATE WHAT MATTERS

Data Centers: What People Hear vs. What the Evidence Shows

The goal is to decide whether a project fits the community. False and misleading claims need to be set aside, whichever side makes them. Real effects on water, noise, traffic, power and the budget need to be measured, understood and communicated accurately.

#	WHAT PEOPLE HEAR	VERDICT	WHAT THE EVIDENCE SHOWS
1	"Data centers will drain our water supply."	Misleading statewide. Can be true locally.	Under 1% of Texas water today. One 100 MW campus can use 0.8–1.2 million gallons a day with evaporative cooling, or under 12,000 with dry cooling.
2	"The state tracks how much water data centers use."	False.	State surveys drew limited responses, and smart-meter data is shielded from public records. Reporting must be written into the city's agreement.
3	"Data centers will raise your electric bill."	Not settled. Not supported in Texas to date.	Where bills rose elsewhere, market and rate rules set the path. ERCOT has no capacity market; Texas's cost-allocation review is due Dec. 31, 2026.
4	"The WHO says 40 decibels at night is the limit."	Misleading.	That figure is for aircraft noise in Europe. Low-frequency hum and tones matter as much as the level, and need their own testing.
5	"Backup generators are the state's job, not the city's."	True, with a gap to close.	Most fleets need no state registration, so the state cannot tell a city how many are planned. The site plan should show every one.
6	"Data centers pay big local taxes. / They pay no taxes."	Partly true, both ways.	The state sales tax exemption costs Texas over $1 billion a year. Property tax terms, PILOTs and community benefits are negotiated locally.
7	"These deals are made in secret."	Partly true before signing. False after.	Negotiations can be confidential, but incentive terms that cost public money become public once the agreement is signed.
8	"Closed-loop cooling means no water use."	Misleading.	"Closed loop" describes how the computers are cooled. If the outdoor heat rejection is evaporative, the facility still consumes water.

Several claims made by supporters fail the same tests as claims made by opponents. Every figure is sourced in the full briefing.

The impacts are real. Measure them.

Water
Peak-day demand, source and drought operation, not only annual averages.

Noise
Low-frequency hum and tones at named homes, tested before and after.

Power
Which utility serves the site and who pays for each kind of infrastructure.

Traffic and construction
Truck traffic, work hours and road wear, separate from operations.

Fiscal
Net receipts against added costs for each taxing entity, with downside cases.

Air
Backup versus routine generation, and the generator fleet on the site plan.

Community benefit arrangements

An incentive is an exchange. A property tax abatement, a Chapter 380 or 381 agreement, or a development agreement can carry payments or projects that answer a project's local effects:

- **Community benefit payment.** Scheduled payments to the city or a designated fund
- **PILOT.** Replaces part of the taxes abated or exempted
- **Developer-built infrastructure.** Water, wastewater, reclaimed water, roads, drainage
- **Service and capacity support.** Fire and EMS equipment, battery storage hazard training
- **Workforce and education.** Training programs, internships, scholarships

> **Make each one enforceable:** amount or scope, schedule, recipient, how it adjusts if the project changes, and the remedy if the developer does not perform. Payments that only cover costs the project creates are reimbursement, not benefit.

Eight questions before major commitments

1. What is proposed at full buildout?
2. Can the water system serve it in drought and at peak demand?
3. Who pays for each kind of electric infrastructure?
4. What is the net fiscal benefit to each public entity?
5. Which jobs are commitments, and which are estimates?
6. What will neighbors experience, and what protects them?
7. Who independently checks the key claims?
8. Who monitors performance after approval?

Four questions to ask of any number

1. Water taken, or water used up?
2. National, or local?
3. Today, or a projection?
4. Who produced it, and who paid for it?

Data Center Feasibility & Fiscal Impact Toolkit

Engage Group's full-scale process for evaluating data centers and other Advanced Technology Infrastructure Projects, from first contact with a developer through verification after approval, customized to your community. We can help. Let's chat.

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J. Shane Howard, Principal · Engage Group, LLC · November 2026. Prepared for public education; not legal advice. Research from other states is context, not a forecast for a Texas project. The full sourced briefing is available at engagesg.com.