# Data Center Development in Michigan

*Independent analysis of net new economic and fiscal contributions of data centers in Michigan*

| | SMALL (20MW) | LARGE (100MW) | EXTRA LARGE (1GW) |
|---|---|---|---|
| *Annual Community Benefit from Tax Revenue* | $1.1M | $5.4M | $46.3M |
| *Annual Net New Jobs Impact from Operations* | direct 12 / 111 indirect | direct 24 / 493 indirect | direct 48 / 4,454 indirect |
| *Annual Net New Output Impact from Operations* | $31M | $146M | $1.4B |

## *What this means for you*

- **Small businesses drive our local economies.** One small data center with 25 full-time employees (12 net new jobs) adds roughly one million dollars in annual payroll to local households.
- **Economic opportunity is important in Michigan.** The net new economic impact from one large data center is equivalent to the guarantee of hosting two Detroit Lions playoff games every year.
- **Michigan is a hub for automotive manufacturing, medical talent, and insurance services.** These industries require innovation and support to thrive in Michigan's future economy.

For detailed information on the methods used to analyze data center development impacts in Michigan, please see the full report at https://www.andersoneconomicgroup.com/data-center-development-in-michigan-economic-fiscal-impact-analysis/

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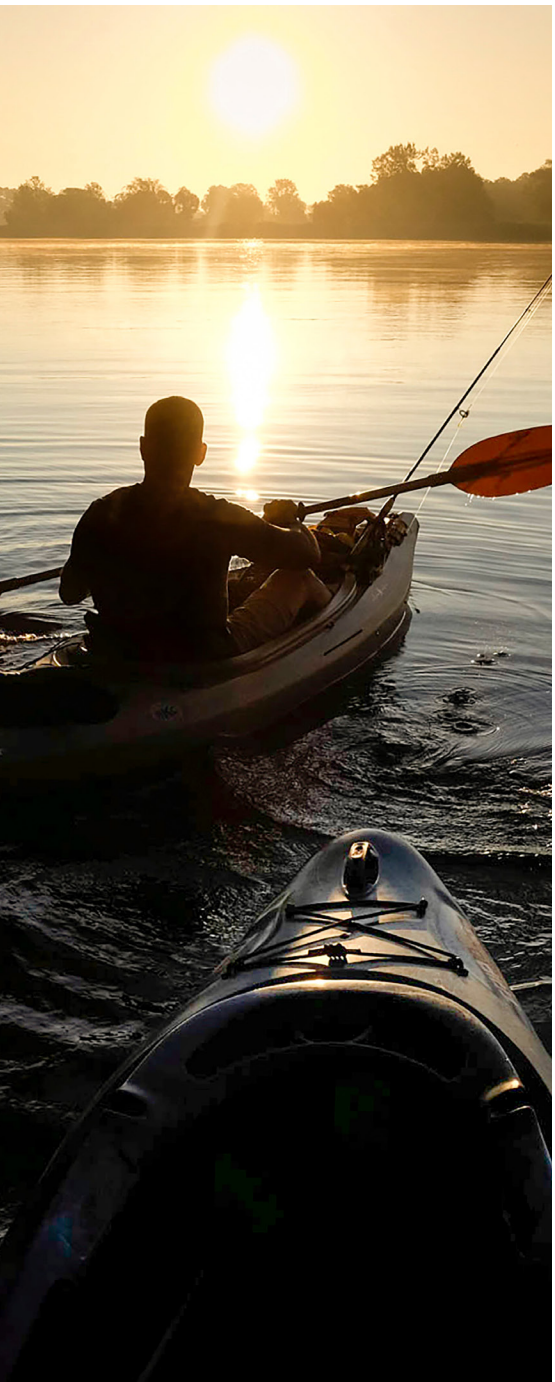
# Tax Revenue Benefits

In Michigan, development is one of the few ways to increase fiscal revenue within any given municipality. The development of a data center is likely to greatly increase the tax liability for un- or under-utilized land that would otherwise generate little to no tax revenue.

Property tax revenue is invested at the county government level, with local authorities, and on schools per the millage rates on developed property parcels. These dollars can be spent on essential services including police, fire and public safety, school funding and school debt, libraries, county roads, among others.

# Community Benefits

Data centers, like other large developments, may boost home values in a community due to the additional economic activity generated in the market. Data centers may boost demand and the community may see an influx of buyers attracted by the new jobs, a stronger tax base, and infrastructure improvements. The development of a data center often results in fiber-optic internet and road improvements in the surrounding area. As a result, property values may rise due to the increased economic activity.



# Policy Review

**Energy Use and Ratepayer Protection.** Michigan law requires electric utilities to incorporate large new loads into their long-term planning through Integrated Resource Plans (IRPs) and annual resource adequacy demonstrations, ensuring that new demand can be served reliably and cost-effectively. In November 2025, the MPSC approved Consumers Energy's Large Load Tariff that includes terms of service for large electric customers (such as data centers), requiring long-term contracts, minimum billing thresholds, exit fees, and financial security. These provisions ensure that infrastructure investments needed to serve new data centers are paid for by the centers themselves rather than subsidized by residential or small commercial customers.

**Environmental Protections.** Michigan has established statutes designed to mitigate pollution and constrain environmental impacts from data center development. The state's clean energy and renewable energy standards, along with energy storage targets, require utilities to integrate new loads while progressing toward 100% clean electricity by 2040. This ensures that load growth does not undermine statewide emissions-reduction goals. Additionally, data centers seeking state tax exemptions must meet energy efficiency and clean energy procurement standards, encouraging new developments to adopt practices that reduce negative environmental impacts.

**Water Resources.** Water resource protections are addressed through state incentive conditions and local oversight. Data centers receiving state tax incentives must "use municipal water sourced from a municipal water system that has available capacity to serve the facility." This requirement subjects the water usage and wastewater treatment of incentive-receiving data centers to existing state and local regulations and infrastructure planning processes.