



TEXAS MUNICIPAL LEAGUE
Empowering Texas cities to serve their citizens

President **Marissa Ximenez**, Mayor Pro Tem, Floresville
Executive Director **Monty Wynn**

April 6, 2026

The Honorable Ken King
Chairman, House State Affairs Committee
Texas House of Representatives
P.O. Box 2910
Austin, TX 78768-2910

Dear Chairman King:

We respectfully submit these comments on behalf of our 1,171 member cities ahead of the committee's upcoming hearing regarding data centers and request that cities be represented on future advisory boards, working groups, or commissions created to study their impacts. We appreciate the committee's thoughtful approach to studying data center development in Texas, particularly its focus on both streamlining the regulatory framework and enabling communities to plan and manage growth responsibly. Data centers represent a significant opportunity for economic growth and competitiveness, and we recognize that their development will continue to expand across the nation and Texas. As this work moves forward, we believe there is a strong opportunity for the state and local governments to work together to ensure that policies are both efficient and effective in practice.

Data centers can present significant economic opportunities, but they also bring real questions about water consumption, electrical load, and infrastructure needs. We commend the Public Utility Commission (PUC) for its recent efforts to require data centers to provide site-specific information about these costs. This information is vital for state and local officials to understand the true impacts of these facilities to ensure they are located, constructed, and operated responsibly. Ensuring that this information is accessible to local officials is vital to understanding the impacts of these facilities and supporting coordination as decisions are made.

We are mindful of experiences in other states where rapid growth of data centers has highlighted the importance of aligning state policy decisions with local infrastructure capacity and long-term fiscal considerations. In Virginia, a sales tax exemption for data center equipment was initially expected to have a relatively limited fiscal impact. However, as data center development rapidly expanded, utilization of the exemption grew far beyond early expectations, resulting in approximately \$1.6 billion in foregone state and local revenue in a single year.¹ This experience highlights how quickly the scale of development can outpace initial expectations and reinforces

¹ Virginia Dept. of Accounts, *Annual Comprehensive Financial Report, FY 2025*, Note 30: Tax Abatements, pp. 190-191, available at: <https://www.doa.virginia.gov/reports/ACFReport/2025/2025-ACFReport-for-web-Entire-Report.pdf>.

the importance of ensuring that policy frameworks remain aligned with infrastructure demands and community impacts. Data centers can also place significant strain on local infrastructure and often require costly upgrades, making early coordination and planning essential.

We believe statewide standards can be most effective when they are developed in a way that supports coordination with local planning, infrastructure, and service delivery. To that end, **we respectfully request that the legislature include city representatives on any data center advisory body, working group, or commission created as part of this process.**

Local governments are uniquely positioned to represent residents' interests and ensure that their voices are heard. Public hearings, direct community engagement, and clear lines of accountability for residents are things that the state legislature and state agencies cannot easily replicate at scale. Including cities in the process ensures that residents know who to hold accountable, have a place to voice their concerns, and can trust that decisions are being made with their interests in mind.

The communities that host these facilities are also the communities that make them possible. Their voices should be part of the process from the start.

Thank you for the opportunity to submit comments. We offer our member cities as a resource and stand ready to work with the committee, the PUC, and industry stakeholders to craft reasonable, responsible regulations that enable data center growth while protecting the communities that host them.

Sincerely,

A handwritten signature in black ink, appearing to read 'Rick Ramirez', with a stylized, looping flourish at the end.

Rick Ramirez
Director, State and Federal Relations
Texas Municipal League