

2026 POLICY GUIDES

Data Centers

Issue

Data centers are migrating from urban tech hubs into rural communities, drawn by affordable and flat land, water and energy. For Nebraska farmers and ranchers, this shift arrives with both serious risks and substantial opportunities — and the outcome depends almost entirely on whether the agricultural community engages the process or sits it out. By aggressively negotiating strict zoning, water use and tax terms, these rural communities can leverage this boom to force developers to fund zero-cost infrastructure upgrades, secure massive property tax relief and catalyze historic economic growth. Those that simply oppose it will absorb the costs without capturing the upside.

Background

Driven by the massive power and cooling demands of artificial intelligence (AI) chips (graphic processing units, or GPUs), tech companies are shifting data center development from saturated coastal hubs to rural America to secure cheap land, power and water. Major tech companies have budgeted \$700 billion to \$725 billion for AI infrastructure in 2026 alone, up from \$410 billion in 2025, with global spending projected to reach \$7 trillion by 2030. Spread nationwide, that equates to more than \$220 million per U.S. county. This investment is already transforming local landscapes; the Interstate-80 corridor saw \$24 billion spent across 15 projects last year, and Nebraska currently houses 39 data centers (concentrated in Omaha, Lincoln and Papillion), giving it the ninth-highest data center-to-population ratio in the country.

As these facilities arrive, their physical requirements are expanding rapidly. The average site in 2024 covered 224 acres — a 144% increase since 2022 — prompting developers to offer farmers \$40,000 to \$90,000 per acre in competitive states. Facility sizes vary drastically: Edge or small centers require 1 to 10 megawatts (MW) of power, under 40 acres of land and minimal water. Enterprise or mid-size centers need 10 to 50 MW, 40 to 100 acres and moderate water. Meanwhile, hyperscale AI facilities demand 100 to 1,000+ MW, 100 to 1,000+ acres, and up to millions of gallons of water daily.

The Electrical Grid: Severe Risks and Generational Leverage

This staggering power demand presents both a severe risk and a massive opportunity for the electrical grid. Nebraska's energy demand is projected to grow nearly 20% over the next decade, forcing the Omaha Public Power District to plan for 100 MW of additional demand annually. Nationally, data center electricity consumption is projected to leap from 176 terawatt-hours (TWh) in 2023 (about 4.4% of the U.S. total) to between 325 and 580 TWh (6.7% to 12%) by 2028, reaching 134 gigawatts by 2030. Because a single 100 MW facility consumes the daily equivalent of tens of thousands of homes continuously, this strains a grid where transmission lines take seven to 10 years to build and over 80,000 MW of capacity sits pending in the Southwest Power Pool (SPP) queue for over five years.

Without enforceable agreements, these upgrade costs fall entirely on ratepayers. Nationally, projected rate increases range from 8% to 25%; Mid-Atlantic utilities passed \$4.3 billion in connection costs to customers in 2024; Virginia's Dominion Energy proposed an \$8.51 per month household increase for 2026; and PJM regional capacity prices skyrocketed 833%. However, because developers desperately need power, communities possess incredible leverage. The SPP has already increased its transmission development allocation from under \$1 billion to over \$8 billion in 2025. By forcing developers to fund their own generation and transmission infrastructure — such as a nuclear reactor that powers both a data center and a low-carbon sustainable aviation fuel (SAF) plant — communities can catalyze historic economic expansion and solve generation deficits at zero cost to local residents.

Water Management and Technological Solutions

Similar community leverage must be applied to water management. Modern hyperscale facilities consume 1 to 5 million gallons of water daily, roughly equivalent to the usage of a town of 10,000 to 50,000 residents. For scale, Google's Council Bluffs facility withdraws an average of 3.9 million gallons daily. Across the U.S., data center water consumption hit 17.4 billion gallons in 2023 and is expected to surge to between 38 and 73 billion gallons by 2028. While these concentrated, continuous withdrawals create acute local stress, they are highly negotiable if communities establish agreements with Natural Resources Districts before construction begins. Closed-loop systems and zero-water-evaporation technologies — like those targeted by Microsoft in 2024 — can heavily mitigate consumption, protecting local aquifers without foreclosing economic development.

Fiscal Impacts: The Cost of Weak Negotiations

Finally, communities must fiercely negotiate fiscal terms, as a hyperscale center typically creates only 30 to 50 permanent jobs despite its massive capital footprint. Although data center employment grew 60% nationally from 2016 to 2023, 38 states currently offer developers substantial tax incentives, including broad exemptions on servers that must be replaced every three to five years. When developers dictate these tax terms without pushback, the annual revenue losses are staggering. In 2025, Texas lost \$1 billion (a figure revised dramatically upward from a \$130 million projection in just 23 months). Virginia forfeited \$732 million in state sales tax alone in 2024, while Illinois lost \$371 million in 2023 (a 628% spike from the prior year). Georgia and Ohio are projected to lose \$296 million and \$127 million respectively in 2025. A properly structured agreement limits these exemptions and captures enough commercial tax revenue to fund local schools and significantly reduce the property tax burden on agricultural landowners, turning a potential fiscal drain into a transformative local windfall.

The Opportunity

Major tech companies are projected to spend roughly \$700 billion to \$725 billion on AI infrastructure in 2026 alone — up from approximately \$410 billion in 2025 — with global data center investment potentially reaching \$7 trillion by 2030. Spread across every county in the United States, that \$700 billion would amount to more than \$220 million per county. Much of it is headed to rural America.

Nebraska farmers and ranchers have every reason to approach this with clear eyes. But dismissing data center development outright, or simply opposing it as a category, will not stop it — and will forfeit Nebraska Farm Bureau's (NEFB) seat at the table where the real terms are being set.

Property Tax Relief — The single most common frustration among Farm Bureau members is the disproportionate tax burden carried by agricultural land. A well-structured data center tax

framework — one that preserves meaningful personal property taxation and limits exemptions — can generate enough new revenue to meaningfully reduce that burden in host counties. This is achievable, but only if the policy framework is built correctly from the start.

School Funding — Rural school districts are under sustained financial pressure. A large data center in a rural county can generate more taxable value than the entire existing commercial and industrial base combined. That creates a real opportunity to fund school operations and retire bond debt without additional levies on agricultural landowners — again, if the tax policy is right.

Energy Infrastructure at No Cost to Ratepayers — To secure the power they need, data center developers are increasingly willing to fund transmission upgrades, new generation capacity, and grid modernization as conditions of interconnection. Nebraska's publicly owned utilities should be extracting those commitments aggressively. The result could be meaningful new infrastructure that benefits all rural electric customers — including farm operations — at no cost to ratepayers.

But there is a larger opportunity here that demands attention. Nebraska's public power districts are not expanding generation fast enough to keep the state competitive. Hundreds of companies seeking to do business in Nebraska are being turned away because the grid cannot serve them without rate increases. This has quietly strangled economic growth and constrained the state's tax base. It may be the single greatest structural barrier to Nebraska's economy — and it touches every sector.

The future of Nebraska agriculture points toward bio-based, value-added products: sustainable aviation fuel, maritime fuels and similar commodities. The markets that will pay a premium for these products are driven by carbon intensity scores. Data center companies are prepared to invest enormous sums in long-term power generation — and that investment, structured correctly, could solve Nebraska's energy capacity problem while simultaneously enabling a new agricultural economy.

Consider one illustration of what this could look like: a data center company partners with a local public power district to finance construction of a nuclear reactor. That reactor powers the data center, the surrounding community, and a nearby sustainable aviation fuel plant connected to a CO₂ pipeline. The SAF plant, operating with a dramatically lower carbon intensity score, remains competitive for decades and returns higher commodity prices to producers — while expanding the local tax base. This is not a hypothetical framework. It is the kind of deal that is available to communities willing to negotiate for it.

If structured correctly, the convergence of data center demand and energy investment represents a once-in-a-generation opportunity to expand Nebraska's public power generation capacity at little or no cost to ratepayers — and to catalyze the most significant economic expansion in the state's history, with agricultural producers as the primary beneficiaries.

Local Hiring and Workforce Commitments — While data centers employ relatively few people on a permanent basis, construction phases generate substantial local economic activity. Counties and communities can negotiate local hiring preferences and workforce development commitments as conditions of approval. And where power generation capacity increases, additional investment and employment will follow.

Agricultural Land Protection — Counties retain meaningful authority over where development is sited. The most important criterion for data center developers is flat land—of which Nebraska has no shortage outside its most productive cropland. Directing facilities toward lower-productivity land, brownfields, or areas with existing industrial infrastructure is achievable and should be a non-negotiable condition of development approval.

Water Use Agreements — Water use is a legitimate concern, and communities are right to raise it. Enforceable water use agreements — coordinated with the relevant Natural Resources District, with clear metering, reporting, and curtailment requirements — can protect agricultural water rights without foreclosing development. Modern closed-loop cooling systems require one large initial water charge followed by significantly smaller periodic replenishment. The terms of these systems can and should be negotiated before a shovel breaks ground.

Farm Bureau Policy

STATE POLICY:

NONE

FEDERAL POLICY:

402 / Energy

16. Data Centers (We support:)

16.1.1. Responsible development of data centers, server facilities and other similar facilities in rural communities, recognizing their potential economic benefits while prioritizing responsible stewardship of local resources and respect for private property rights. Energy consumption must be managed responsibly through efficiency measures to minimize strain on local grids;

16.1.2. Legislative and regulatory efforts to ensure data centers be sited and operated in a manner that safeguards agricultural water supplies, including transparent reporting of projected water use and the adoption of water-efficient technologies, such as closed loop cooling system;

16.1.3. The prioritization of water resources for residential, animal agriculture, and irrigation use during adverse weather conditions, such as drought or extreme freezes;

16.1.4. Prioritizing residential and agricultural electrical usage demands over large load users like data centers; and

16.1.5. The implementation of large load tariff rates to ensure large load users like data centers are paying their fair share for energy so as to not put further strain on residential and agricultural electricity costs.

Questions

- Should NEFB oppose data center designs that do not employ a closed loop, air cooling, or similar water efficient design and secure enforceable water curtailment agreements with local Natural Resources Districts before construction begins?
- If legislation were to be introduced in the state Legislature to provide tax incentives to data centers, should NEFB support it?
- Should NEFB advocate for legislation that requires early public disclosure and notification of intent to build a data center?
- Should NEFB support a data center's practice of requiring landowners who receive a land purchase offer to sign a non-disclosure agreement?
- Should NEFB policy explicitly require data center developers to fully fund their own generation and transmission infrastructure upgrades as a condition of grid interconnection?

- Should Farm Bureau advocate for state-level initiatives that explicitly pair data center energy procurement with the development of low-carbon bioeconomy projects?
- Should NEFB advocate for a preference toward nuclear energy as a condition of grid interconnection?
- Should our policy support requiring data center developers to commit to local hiring preferences, local charity and workforce development, as well as, sustained, perpetual and disproportionate community funding as a condition of project approval?