



Maine Conservation Voters

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Testimony of Sarah Woodbury, Legislative Director, Maine Conservation Voters
In Support of LD 713

“An Act to Exclude Data Centers from the Business Equipment Tax Exemption and Dirigo Business Incentives Programs and to Require the Maine Department of Economic and Community Development to Study Financial Incentives for Data Centers”

Before the Committee on Taxation

March 11, 2026

Senator Grohoski, Representative Sayre and distinguished members of the Committee on Taxation. My name is Sarah Woodbury and I’m the Legislative Director at Maine Conservation Voters. MCV is a statewide non-profit organization with 14,000 members and supporters building a just, thriving future for all by acting on the climate crisis, protecting the environment, and safeguarding our democracy. I am here to testify in support of LD 713 *“An Act to Exclude Data Centers from the Business Equipment Tax Exemption and Dirigo Business Incentives Programs and to Require the Maine Department of Economic and Community Development to Study Financial Incentives for Data Centers”*.

Over the past several years, data centers have expanded rapidly across the United States as demand for cloud computing, artificial intelligence, and digital infrastructure grows. While these facilities can play a role in the modern economy, they are fundamentally different from many of the industries that Maine’s current business incentive programs were designed to support. Data centers are extraordinarily capital-intensive and, currently, profitable but create relatively few permanent jobs once construction is complete. As a result, data centers would produce limited economic return for the public from tax incentives designed to spur job creation.

MCV has serious concerns about the environmental impacts of data centers. As more of these facilities are built across the country, we are seeing them have very real-world impacts on the health and environment of their host communities. Data centers currently

account for about 4.4% of all electricity that is used in the U.S. Communities with data centers are seeing significant increases in their utility rates. A study by Bloomberg estimates that communities near data centers have seen an increase in their power bills by 267% over the last five years. Maine ratepayers are already paying higher bills than other parts of the country and can certainly not afford to see those rates increase any further. And impacts aren't just limited to electricity rates. A single mid-sized data center can use upwards of 300,000 gallons of water a day. This is the same amount used by a small town. Facilities that could be responsible for raising our electricity rates and polluting the environment around them should not be eligible for financial incentives.

Requiring the Department of Economic and Community Development to study financial incentives for data centers is a prudent and responsible step. Such a study can evaluate several key questions: What are the true fiscal impacts of data center incentives on state and local tax bases? How many permanent jobs do these facilities typically create relative to the incentives they receive? What are the infrastructure and energy demands associated with large-scale data centers? Answering these questions will help Maine craft policies that balance economic development with fiscal responsibility, energy planning, and community needs. It will also allow the Legislature to consider whether targeted, performance-based incentives might be more appropriate than broad eligibility under existing programs.

At a time when state resources are limited, Maine should ensure that public incentives are aligned with industries that generate strong employment opportunities, support local communities, protect our environment, and deliver a clear return on investment for taxpayers. Conducting a thoughtful review before extending significant tax benefits to a rapidly evolving industry is simply good governance. We urge you to vote "ought to pass" on LD 713.