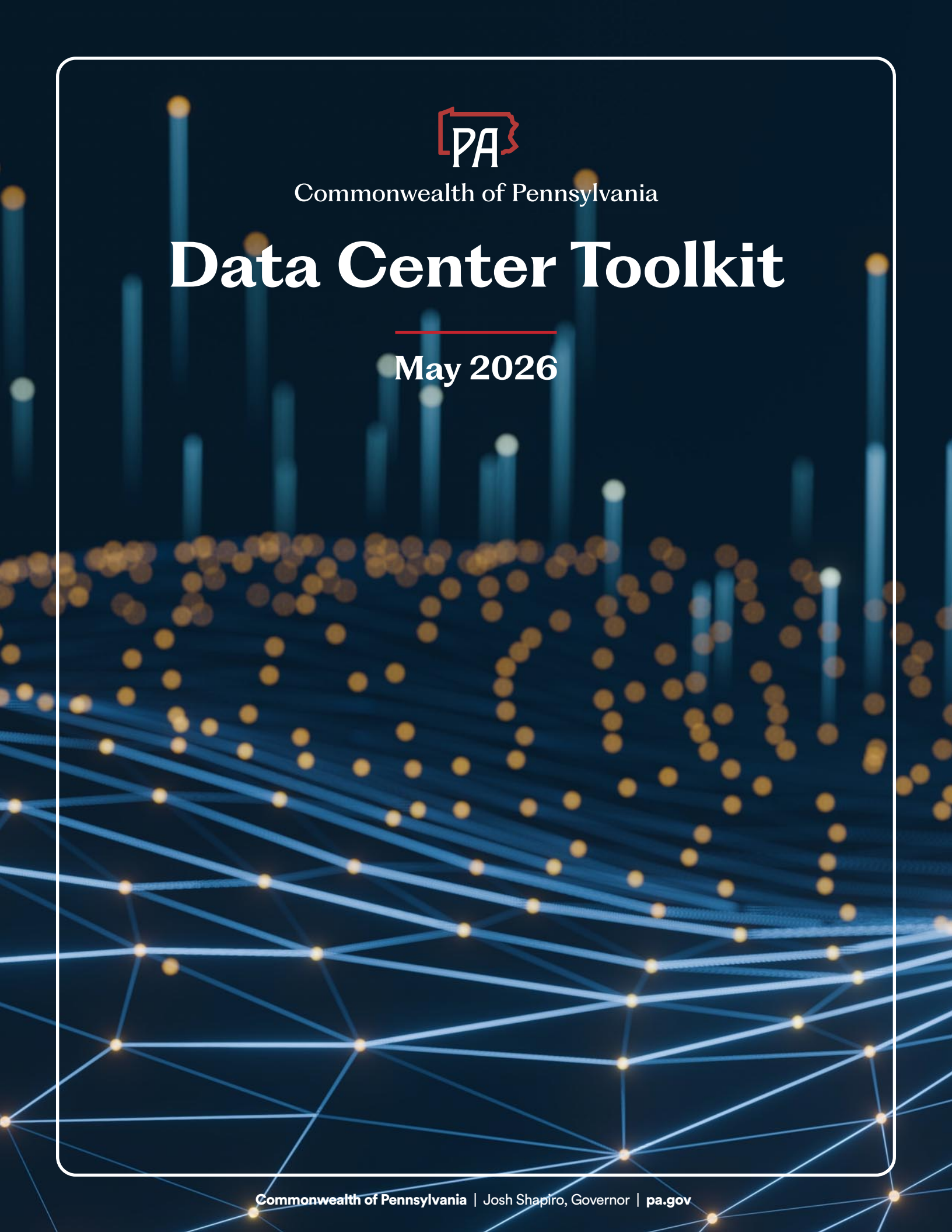

Commonwealth of Pennsylvania

Data Center Toolkit

May 2026


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Introduction

Municipalities across Pennsylvania are increasingly receiving inquiries and proposals related to data center development. These facilities play a growing role in the global digital economy but can raise complex questions related to land use, infrastructure capacity, fiscal impacts, and community expectations.

This toolkit provides practical guidance to help local governments understand data centers and evaluate proposals in a way that aligns with local authority, community goals, and infrastructure realities.

Who This Toolkit is For

- Elected officials (council members, supervisors, commissioners, mayors)
- Municipal managers and administrators
- Municipal solicitors and legal counsel
- Economic development staff and authorities

How to Use This Toolkit

This toolkit is designed to be modular and task oriented. It is most beneficial by reading the full contents, but users can read sections relevant to where they are in the evaluation process.

Received a data center inquiry? Start with the following sections:

- Data Centers 101
- Factors Influencing Data Center Location Decisions
- Local Government Roles & Authorities

Zoning, Planning, and Review

- Land Use & Zoning Considerations
- Infrastructure Impacts and Capacity Assessment

Fiscal and Legal Review

- Fiscal Impacts and Economic Tradeoffs
- Legal and Regulatory Considerations

A Note on Local Authority

Decisions regarding data center development are inherently local. Each community's infrastructure capacity, land use priorities, and public needs are different. Nothing in this toolkit or website should be interpreted as directing a specific outcome. Local governments retain the authority to determine where, and under what conditions a data center development is appropriate in their communities.

Pennsylvania
Department of Community
& Economic Development

Pennsylvania Data Center Toolkit

The graphics in this document are for planning purposes only.
They are not adequate for legal boundary definition, regulatory interpretation, or parcel level analysis.

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Data Centers 101

What are Data Centers?

A data center is a physical facility that houses information technology (IT) infrastructure for building, running, and delivering applications and services. It also stores and manages the data associated with those applications and services.[1] Data centers are not new and many, if not most, Pennsylvanians use the services provided by data centers every day. Routine activities that access digital information such as online banking, storing and accessing data from the 'cloud', using the internet, and queuing ride share services are all made possible by direct access to data centers. What has changed are major advances in artificial intelligence (AI) that are dramatically accelerating the demand for data processing capabilities. Global demand for data center capacity is expected to triple by 2030, with 70% of that demand propelled by AI development.[2]

While not every issue facing this new industrial landscape can be addressed below, we hope this toolkit serves as a starting point for ongoing, meaningful dialogue that local and regional leaders can have with prospective data center developers and the PA Department of Community and Economic Development to help deliver on our mission of building a stronger Pennsylvania that works for all the residents, workers, businesses, and entrepreneurs that call our Commonwealth home.

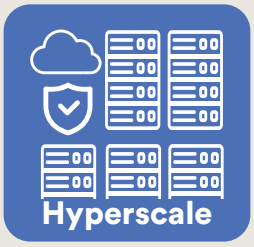
Types of Data Centers

There are several data center types being constructed, based on varying workloads and business needs. It is not uncommon for a single company to access the services from more than one type of data center.

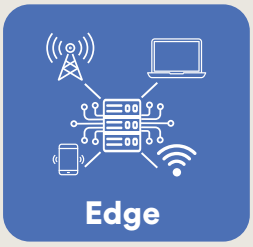
MOST COMMON TYPES OF DATA CENTERS

A private data center used for the benefit of one company or organization. These data centers are often collocated within portions of the company. These data centers often allow for faster data access and application performance. Operating an enterprise data center allows for a company to control all aspects of the data center.

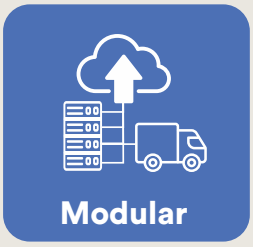
These data centers are shared by multiple businesses and organizations. Though individual businesses have less direct control over a facility, utilizing a colocation data center may offer operational cost savings and allow for the redirection of resources towards other initiatives. An individual company leasing space within a facility may have varying degrees of control over the day-to-day management of the hardware.



These massive data centers are purpose-built for massive computer and data storage. These centers may be for a single tenant or multiple tenants, offering an entity a massive opportunity for scalability. The hyperscale market is predicted to more than double from $35.72 billion in 2022 to $76.73 billion in 2027.[3]



These are smaller data centers designed to be near the people and businesses served by the data center's activities. This proximity allows for increased speeds and reduced communication delays.



These are smaller, portable data centers that allow for entities looking to rapidly increase capacity in the short-term. These data centers are generally temporary solutions needed to accommodate new technology and infrastructure.

1 https://www.ibm.com/think/topics/data-centers

2 https://www.mckinsey.com/quarterly/the-five-fifty/five-fifty-more-data-more-demand

3 https://www.businesswire.com/news/home/20230223005556/en/Hyperscale-Data-Centres-Global-Market-Report-2023-Flourishing-Number-of-Internet-Users-Drives-Demand---ResearchAndMarkets.com

Factors Influencing Data Center Location Decisions

Siting Criteria for Data Center Development

Building a large-scale data center is a massive investment, requiring hundreds of millions – if not billions – of dollars. Developers searching for an optimal location to construct a data center take many factors into consideration. The following considerations are often the most important to a developer but are by no means a comprehensive list of all considerations.

1. **Power Availability and Reliability**
   Large-scale data centers require a massive amount of energy for both operating the IT equipment and cooling computer servers, which operate around the clock. Any interruption to a server's function can disrupt services and cause significant financial losses. Developers look for areas with a stable energy grid, a healthy mix of power sources, and energy costs that are predictable over time.

   While almost all data centers include backup power generation resources in their planning, developers should be encouraged to explore opportunities to build, bring, or buy new or otherwise additive power generation to provide for its main energy needs. This could include onsite or collocated power generation, contracts with demand response providers, or storage resources.

2. **Proximity to High-Speed Networks**
   Data centers are constantly importing and exporting information from a wide range of devices. High-network speeds are essential for the reliable and timely transfer of information, which impact an end user's experience with the product or service being provided.

3. **Water Access**
   All IT hardware produces heat while running and keeping temperatures within safe limits is essential to avoid system failures. Water is often an essential component of the cooling process, and the reliability of the regional water supply and the capacity of water infrastructure can be vital to the success of a project. However, the volumes used will differ based on data center design and the cooling technology preferences.

4. **Developable Land**
   Developers are increasingly seeking sites that would allow them to create new facilities and/or expand on existing ones over time. To find the right location developers consider the cost of land, geography, and the availability of open, developable space.

   Sites that have been prepared for development are extremely attractive to data center developers. The initial site prep work, such as adding utility hookups, grading of the land, and the installation of essential stormwater management systems reduces the amount of time and money necessary to finish a data center. A parcel's readiness for development can be also determined by the zoning and land development ordinances in place within a locality.

5. **Low Natural Disaster Risk**
   Natural disasters such as flooding, pose substantial operational risks, driving the adoption of advanced risk analysis tools to identify safer zones. Reliability is key to a data center's value and any amount of time lost to a natural disaster hinders a centers ability to serve its end user.

6. **Proximity to End User**
   The speed and reliability at which a data center can deliver to its end user is essential to its success. The closer in proximity the data center is to its end user, the better it can deliver the final product.

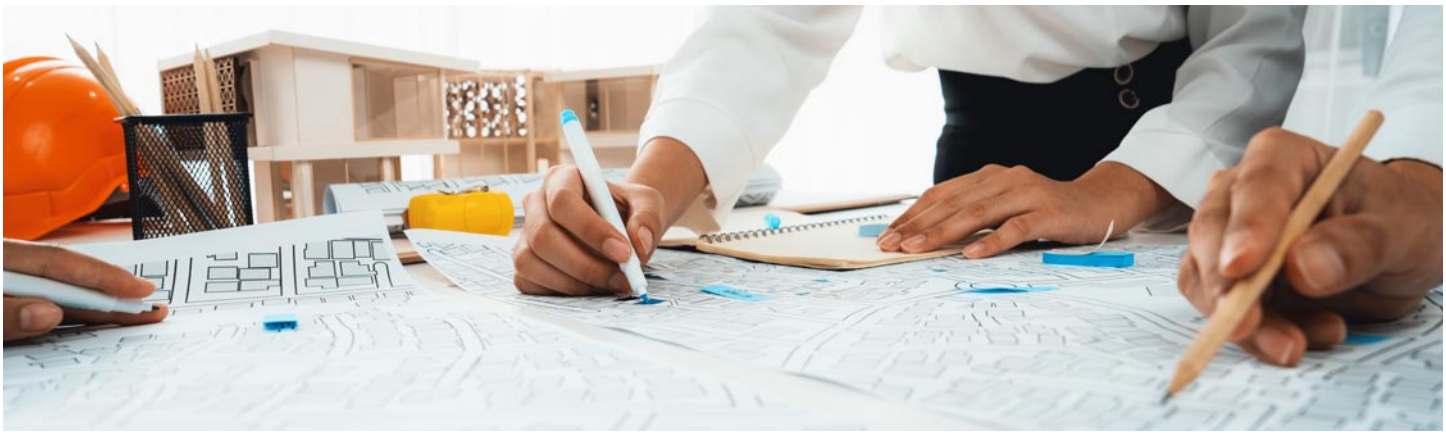
State and Regional Competitive Dynamics

The timeline by which a data center can get up and running is essential to the viability of a project. When a state or region can distinguish itself by meeting a developer's speed-to-market needs, projects are more likely to gravitate there. Essential project components such as power, water, and network connectivity are also crucial to data center project success.

Some states and localities are adjusting their land development guidelines to speed up the approval process or open more parcels to data center development. Other areas are creating economic incentive packages that offer tax relief and low-interest loans that make project financing easier. Pennsylvania offers developers a Computer Data Center Equipment Program, created by the state legislature in 2021. Under the statute, computer data center equipment is exempt from Pennsylvania sales and use tax when it is used in a certified data center.

Pennsylvania's long history of leadership in the energy and industrial development space is a significant competitive advantage as the availability of energy and water, proximity to population centers, development ready land, and access to high-speed networks are desirable attributes of any location for data center investments.

Local Government Roles & Authorities



Municipal Powers and Limitations

In Pennsylvania, the power and responsibility to plan for land use and its regulation is statutorily granted to local government, including counties. Much of this governance comes through the Municipalities Planning Code (MPC), however, a number of other state enabling legislation provide additional forms of land use controls to municipalities. This includes the Pennsylvania Construction Code Act, the Pennsylvania Sewage Facilities Planning Act, the Pennsylvania Storm Water Management Act, and the Pennsylvania Flood Plain Management Act.

A municipality exercises such powers and authorities only as granted to it by Pennsylvania's legislature and such powers are to be strictly construed and commonly known as "Dillon's Rule".

Even though the authority to adopt and administer planning control measures or regulations has been delegated to municipalities under the police powers, it is required that there be a connection between the specific purpose of a regulation or ordinance provision and the police power objective. A municipality must be prepared to document that the regulation bears a reasonable relationship to the welfare of the public and that the measure or control in fact advances a legitimate public interest. That interest must not be arbitrary but rather supported by comprehensive analysis of community development goals and objectives.[4]

Other limitations to the authorized powers of a municipality include a legal doctrine known as preemption, and applicable case law. For additional information, please refer to DCED's Planning Series #1, Local Land Use Controls in Pennsylvania, Sixth Edition, October 2020.

The Role of Planning, Zoning and Land Use Controls

It is important for municipalities to plan for data centers to capitalize on their economic benefits and to proactively address any potential impacts to the community. Municipalities cannot legally exclude a use that complies with all local land use ordinances, policies and permitting requirements. This is called the Fair Share Doctrine. *"According to Pennsylvania court doctrine dating back to the 1960s, a municipal zoning ordinance must provide for – and may not exclude from the municipality – all lawful uses of land. Failure to provide for a lawful use is exclusionary and grounds for a legal challenge for which relief is to permit the use as and where proposed."*[5] Consequently, proactive planning for emerging industries is essential to ensure these developments are integrated effectively into communities.

Through planning, municipalities can guide the location, size and design of data centers, address concerns about water usage and energy consumption, optimize use of brownfield versus greenfield sites, and prevent or mitigate conflicts with residential areas or environmentally sensitive lands. The planning process also provides an opportunity for municipal officials to engage with the community, provide information, listen to concerns, and explain how the municipality will manage any potential impacts from data centers and other intensive uses.

The role of zoning and other land use controls is to implement the municipality's plans. It is recommended that municipalities review and update these ordinances, as needed, to regulate data centers in accordance with the municipality's plans and development objectives. These ordinances should establish clear and consistent standards to provide certainty for both developers and residents, and to help expedite the permit review and approval process.

4 Pennsylvania Department of Community and Economic Development, Planning Series #1, Local Land Use Controls in Pennsylvania, Sixth Edition, October 2020, Planning Series #1

5 Zoning - Planning Series #4

Planning Commission vs. Governing Body Responsibilities

Planning Commissions act as an advisory board to the governing body on planning and development issues, and help to ensure that land use decisions, including individual projects such as data centers, are consistent with municipal plans and policies.

The **Planning Commission's** recommended role, with the authorization of the governing body, includes the following:

- **Planning for data centers:**
  - Identify appropriate locations for data centers within the municipality. These locations should be identified in the municipality's comprehensive plan and permitted by the municipality's zoning and other land use ordinances.
  - Consider and plan for the potential impacts of data center development. Conduct studies, as needed. Review existing municipal plans and amend them if appropriate. Ensure that the municipality has plans and policies to ensure that data center developments are consistent with the municipality's development objectives, and that any potential negative impacts are prevented or mitigated.
  - Recommend clear standards for data center development within the municipality. Review the municipality's zoning ordinance, subdivision and land development ordinance (SALDO), and other land use regulations. Propose amendments, as needed.
- **Review proposed data center developments** for consistency with municipal plans and policies. Provide recommendations to the governing body for its consideration.
- **Public engagement:**
  - Educate the community on the purpose and potential costs and benefits of data centers. Listen to residents' concerns and explain how the municipality's plans and policies will help to prevent or mitigate any negative impacts.
  - Facilitate community information sessions when a data center is proposed.

The **Governing Body's** recommended role includes the following:

- **Consider and act on the Planning Commission's recommendations**, as appropriate.
- **Adopt plans and amend or update zoning and land use regulations,** as needed.

Data Center Permitting

The permitting process for data centers is complex and can sometimes take years. It involves local, state, and sometimes federal approvals for construction, zoning, environmental impacts (air, water, waste), and utility connections. Often it requires permits for energy infrastructure like power plants and transmission lines.

Key permitting areas at the municipal level include construction and zoning. Building permits, zoning permits, storm water management plans, and land development plans may all require approval, and in some cases, modifications or variances from existing codes may be needed.

It is important for communities to develop clear standards and an efficient permitting process, along with proactive approaches to public awareness and meaningful opportunity for the public to comment. Including specific standards for data centers in zoning and other land development ordinances will help to reduce the need to modify or supplement ordinance requirements during the permit approval process. This will help to provide certainty for both developers and the community.

Coordination with Counties, Authorities, and Utility Providers

It is critical for municipalities to coordinate with counties, authorities, and utility providers due to the demands that data centers have on local resources, including electricity, water, land, and broadband infrastructure. Collaborative planning efforts with counties, authorities and utility providers are recommended to ensure that data centers are appropriately located within a region, and that available infrastructure and other resources are used as effectively and efficiently as possible.

Utility providers should be involved in the development review and approval process. Coordination helps ensure that the utility infrastructure needed to accommodate a data center either exist or are planned, and that these systems have adequate capacity. Infrastructure needs will vary among communities, but will include electric power, water/wastewater, and broadband.

Land Use & Zoning Considerations

Data Centers and Zoning Codes

Data centers vary dramatically by size and power usage intensity, much like other types of high technology industries. Because of this diversity, data centers may fit within areas planned or zoned for commercial, industrial, or business park uses depending on the type of accessory uses needed and accessibility of energy and water. Large hyperscale centers which require large amounts of land, access to power and water should be sited based on the accessibility of those resources. Clear definitions of the types of data centers and their ancillary uses are critical to include within local zoning or SALDO ordinances so that regulations related to the various data center typologies can be accommodated.

Some communities may find data centers as a viable redevelopment option for older, underutilized, or obsolete commercial areas particularly ones designed for high density uses such as shopping malls. If this is a consideration, design standards and screening should be included to ensure that redevelopment will not negatively impact existing businesses.

Heavy Industrial and technology park areas are well suited for data center development since they would be similar in scale to the types of intensive uses already contemplated for those areas. These areas are typically not adjacent to residential areas where the impact of the data center development would be a concern, and they can be more likely to have the infrastructure in place to support data center development.

In rural areas where zoning may be minimal or non-existent, land development proposals are typically managed at the county level. In these instances, locations that have good access to a source of reliable power and water supply along with road access for construction activities may be considered for development. For communities which have not adopted a zoning ordinance, stand-alone nuisance ordinances such as noise standards or lighting standards may help minimize the impact of data center development.

By-Right vs. Conditional Uses/Special Exception

Having clearly defined uses for the various data centers and their ancillary uses should be a priority for municipalities. Determining where those uses are most appropriate based on similar types of uses already allowed within certain zoning districts will be easier to distinguish once the uses are clearly defined.

In areas already zoned for light or heavy manufacturing or industrial uses, allowing data centers by-right can be considered. By-right uses or permitted uses are a class of use within a district that is deemed acceptable to the community and will be permitted subject to the general standards and permitting required for any similar use. No special standards or conditions would be applied to a by-right or permitted use. This type of classification would ensure that data centers have an easily identifiable place within your community to build, developers have clarity on where these uses are supported, and other areas or districts will be protected from these more intense uses.

Conditional Use or Special Exception Use classes are tools used by localities to incorporate additional requirements to allow a more detailed review of development proposals. Conditional uses require approval by the governmental body who may impose conditions on the specific development. Special Exceptions are reviewed and approved by the Zoning Hearing Board and have a defined list of additional standards, beyond those for By-right uses, that must be met. Either review mechanism should be used to vet development based on community goals and not to be used to exclude a legal use from the municipality. Standards for Conditional Uses and Special Exception Uses would typically include regulations for water sources, on-site energy requirements, noise analysis, and decommissioning requirements.

Development and Performance Standards

Data centers may include large, expansive building footprints that may emit noise and light similar to various industrial or manufacturing facilities. While they typically have considerably lower ongoing operational traffic volume compared to a use such as a warehouse fulfillment center, a number of pre-development issues should be addressed by host communities.

Noise

Regulations that include noise limits address impulsive and intermittent noise levels along with mitigation measures. They should be part of a municipal zoning ordinance or could be regulated through a stand-alone nuisance ordinance. A noise study of the future data center facility should be considered as part of the development review process. Noise standards should meet community concerns and can include maximum noise levels at property lines and/or based on the nearest residential properties, if applicable. Noise regulations typically include exemptions for temporary or emergency situations where backup generators are needed during power outages, for construction vehicles, or emergency emitting signals or sirens. These exemptions should apply equitably to any use throughout the community.

Lighting

Photometric plans and proposals to reduce light pollution should be considered within zoning ordinance language. Standards that require full cut-off light fixtures, limit light pole height, and provide light level maximums at property lines should be part of municipal zoning ordinances. Lighting standards should be applied equally to data centers as they are to similar industrial or manufacturing uses.

Screening

The use of landscaping and visual buffers can assist in addressing the visual impacts of data centers and help with reducing light and noise pollution. Screening with walls and fences can be an alternative if space is limited and unable to accommodate larger buffer areas. All screening requirements should include a level of opaqueness (transparency) so standardization can be met regardless of the method of screening.

Other Considerations

Construction Phase

Timelines for the construction of data centers depend on the size and complexity of the use. A hyperscale data center campus could have a much higher infrastructure build-out to accommodate their long-term need for reliable power so development of these sites can take up to 5-10 years. The construction of data centers brings several workforce opportunities for skilled labor and local trades. Municipalities can prepare for this by communicating with their local unions to ensure that the labor needed is readily available.

Potential pressure for temporary housing of construction laborers should be a consideration, particularly in rural areas. It is important for communities to consider this impact and plan for appropriate housing. Working with adjacent municipalities that may have better accommodations for housing will be beneficial. In some cases, temporary housing using recreational vehicles or seasonal parks may be a viable solution. If that is a consideration, ensuring that areas with access to water and wastewater treatment are identified and planned for these types of uses is critical.

Decommissioning and Electronic Disposal Considerations

While data centers are typically built with long-term operational time horizons that exceed 20 years, municipalities should discuss with developers and owner/operators how to responsibly manage the decommissioning of facilities should the operations cease. The potential for electronic waste from batteries, servers, and other energy-intensive equipment should be considered – particularly to protect from the unintended impact of early facility retirement. Plans for decommissioning could differ substantially from one another based on various local considerations, and the responsibility of all parties about how to address eventual facility retirement should be included as part of the development process.

Additionally, municipalities should stay up to date on how the industry evolves and work with their state representatives and senators as the industry changes over time, ensuring that decommissioning and reuse standards and laws are addressed at a statewide level.

Utility Considerations

Electric Power

The proliferation of data center project proposals has led to questions about the availability of power on the grid and the ultimate impact that new power demands from data centers will have on consumers' electric utility bills. While Pennsylvania residents and businesses interface directly with their local electric distribution company (EDC) to receive and pay for their power supply, it is a much larger, interconnected system of power production and transmission infrastructure that dictates the availability and movement of power across a multi-state grid. In this sense, it is the basic principle of supply and demand that largely determines the cost of delivered power to Pennsylvanians, and data centers that build or contract for new power generation should help keep costs under control for consumers. *If the increased demand for power from data centers outpaces the ability of the grid to bring new power supplies online to match it, then prices are at risk of increasing regardless of where the data center is built.* In other words, the impact to the grid and, consequently, the cost of delivered power to Pennsylvanians will likely be the same whether the data centers are built in a neighboring municipality or even a neighboring state, if that state is in the same multi-state grid region. In these instances, the host municipality would receive the jobs and tax revenues related to data center development yet the changes to the grid are the same either way.

At minimum, a data center will need to secure an interconnection agreement from the EDC which indicates the amount of available power on the system that the EDC can deliver to the facility. Additional information should include anticipated power usage in both nominal (average) and peak (maximum possible) load requirements and how distribution system reliability will be ensured to all customers in the EDC service territory – particularly, the management of potential peak demand swings during periods of high-power demand throughout the rest of the system.

Municipalities should expect transparency from developers around where a project plans to get their power, including whether the project is bringing on new or additive electric generation (including battery power storage systems) and/or contracting with demand response providers to address peak-load reductions. Further implications of energy interconnection agreements should include an understanding of how costs will be allocated for necessary system upgrades triggered by interconnecting a large load, contract length, and all protections in place to protect ratepayers in the event of early exit/termination of the contract.

Water/Wastewater

Transparency around water usage is also key to understanding the impact a data center will have on those utility systems. Data center projects could differ considerably from one another when it comes to the volume of water needed and how it is managed from an intake and discharge standpoint. If the source is a public water system, the developer should submit documentation that the public water authority will supply the water needed. Additional questions municipalities may want to ask include:

- **Where is the water coming from?** Utility source, waterways of the Commonwealth etc.
- **How much water is going to be needed?** Both potential worst case peak needs and regular anticipated use.
  - What water system upgrades, if any, will be needed to meet facility requirements?
- **Will any water be returned/discharged?**
  - If so, how much;
  - Will it need to be treated;
  - Where is it going to be returned (municipal publicly owned treatment works (POTW), directly into the watershed)?

Broadband

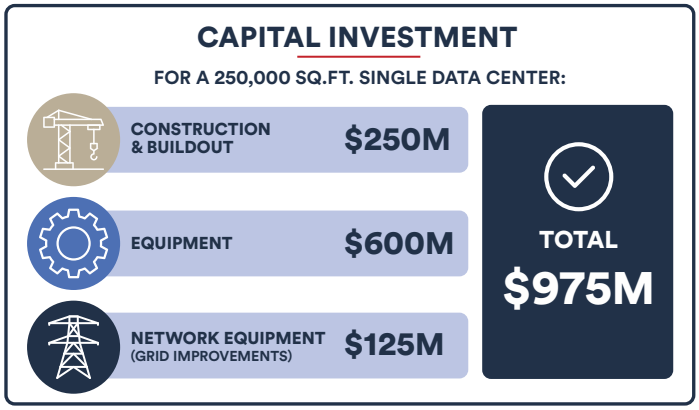
The existence of high-capacity broadband infrastructure is important for data centers and is another key consideration for developers when selecting a site location. Coordination with service providers to improve broadband infrastructure and expand service to industrial areas, business parks or other suitable locations can help encourage and guide the development of data centers.

Fiscal & Economic Impacts

Capital Investment

Capital investment refers to the construction, buildout, machinery, and equipment.

Therefore, a campus supporting five data centers could initially invest as much as $4.88B at a single location. Since a data center's primary purpose is to house micro-chips and micro-chips burn out or will require updated technology, a refresh is anticipated every five years that will replace about $300M in equipment.

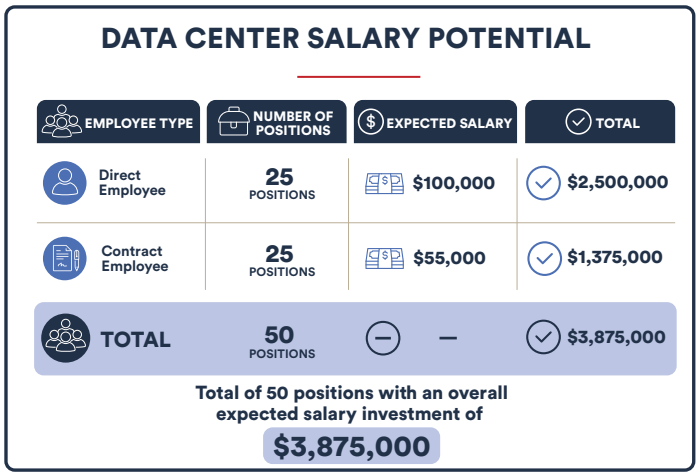


Local Taxes

For local governments, school districts, and counties, the primary source of tax revenue associated with data centers is typically the real estate tax on the improved property, reflecting the substantial capital investment involved. The actual amount will depend on the assessed value determined by the county or regional tax bureau, as well as the applicable millage rate. Local tax structures also differ by jurisdiction. Additional, though typically smaller, revenue may arise from taxes such as mercantile or business privilege taxes, local services taxes, and occupation or earned income taxes in municipalities where they apply.

Jobs

In addition to generating revenue through increased real estate values, data centers also contribute to local employment. Each data center supports on average 50 employees. About half (25) will be direct hires while the other 25 are likely to be contract employees. Data center employees will have some on-site aspects but are more likely to be hybrid with some of the work being completed virtually. The contract employees are likely to be in fields such as HVAC programming and repair, security, and maintenance. The 25 direct data center employees are expected to earn approximately $100,000, while the 25 contracted employees will earn about $55,000.



Services

Data centers generally place fewer demands on municipal services than many other land uses. The increase to the local workforce is likely to not create the same level of demand for schools, public safety services, or recreational facilities that residential development does. However, fire departments may require specialized training and equipment due to the unique challenges compared to conventional structure firefighting.

In addition, data centers are not major locations that draw people and vehicles compared with retail facilities or warehouses. They receive limited deliveries, have minimal outbound shipments, and maintain relatively small on–site workforces. As a result, they typically do not require substantial off-site traffic improvements—costs that would otherwise fall to local governments.

Abatements

Data center projects in Pennsylvania may qualify for significant tax incentives at the state level, most notably through the above-mentioned Computer Data Center Equipment Exemption Program, which provides long-term sales and use tax exemptions for qualifying equipment. Because data centers typically place comparatively modest demands on municipal services, data center developers may argue that some form of a local tax abatement is a reasonable concession.

Municipalities should carefully consider the tradeoffs associated with any type of local tax relief, particularly given the substantial benefit already provided through the state's Computer Data Center Equipment Exemption Program. That said, municipalities may elect to provide property tax abatements under the Local Economic Revitalization Tax Assistance Act (LERTA) which allows local governments to abate taxes in a blighted area to attract economic development. The blighted area boundaries must be clearly defined and the abatement conditions described in an ordinance.

Should a data center be in a LERTA district, the data center should still be expected to financially contribute to providing local services. In these circumstances a Payment In Lieu of Taxes (PILOT) may be negotiated to determine the amount and distribution schedule for payments.

Construction

While data centers may require fewer services in the long term, the duration and scale of the construction phases can be temporarily disruptive to local communities. Each building has an estimated construction time of about 18 months. Since they are often built on campuses of multiple buildings the construction period may last a few years at the height of which 1,500 workers may be on site from various construction-related industries.

Temporary Concerns

Traffic

Construction vehicles bringing materials as well as workers to the site will generate many trips. Developers should conduct traffic studies to help a community anticipate these impacts. In some cases, it could be as simple as requiring a temporary traffic signal.

Employee Parking

The sudden volume of construction workers on-site will necessitate careful planning and early-stage discussions around parking facilities. Nearby parking may need to be made available – perhaps only on a temporary basis – so as not to impact surrounding businesses.

Housing

Local construction firms may not be able to fully support or secure the construction contract. As a result, outside construction crews may rely on local hotels or short–term rentals, potentially driving temporary price increases due to limited availability.

Legal & Regulatory Considerations

State and Federal Preemption Issues

Development of data centers in Pennsylvania increasingly implicates state and federal preemption, which may limit or override traditional municipal zoning and permitting authority. Proposed state legislation seeks to standardize zoning treatment, expedite or centralize permitting, and, in some cases, shift siting and energy-related approvals to state agencies or new authorities. At the federal level, emerging national AI and infrastructure policies, coupled with proposed permitting reforms, may further preempt state and local regulation and condition federal funding on regulatory alignment. Importantly, these frameworks remain unsettled and subject to legislative and regulatory change. Municipalities should anticipate a shifting regulatory landscape and monitor developments closely. Notwithstanding these trends, municipalities currently retain oversight through generally applicable land-use standards and required coordination with developers.

Utility and Environmental Regulation

Data center development in Pennsylvania is subject to utility and infrastructure oversight. The Pennsylvania Public Utility Commission (PA PUC) and PJM Interconnection are actively developing frameworks that may require large-load data centers to fund necessary transmission and distribution upgrades and comply with enhanced reliability and curtailment requirements. Environmental and resource regulations administered primarily by Pennsylvania Department of Environmental Protection (DEP) will also apply and include air emissions, water use reporting, stormwater management, land development permitting, and site remediation. At the local level, some municipalities are adopting data center specific zoning standards and pre-application coordination requirements. Finally, water and wastewater use require coordination and compliance with the rules and regulations of the relevant water and sewer provider.

Municipalities should continue to monitor evolving local, state, regional, and federal actions.

Open Records and Sunshine Laws

Data center development in Pennsylvania will likely trigger the Sunshine Act which requires transparency in municipal decision making, zoning, permitting, utility coordination, and approval of tax incentives. Local and state decision-making bodies, where required by law, must conduct required deliberations and votes in public meetings with proper notice. In addition, records relating to environmental impacts, infrastructure demands, and economic incentives may be subject to public disclosure under the Commonwealth's Right-to-Know Law. Given the scale of data centers' energy, water, and land-use impacts, these projects often generate heightened public interest and scrutiny from community members and concerned groups. This environment increases the likelihood of record requests, procedural challenges, and litigation focused on compliance with open meeting and public records requirements. Municipalities should anticipate an increased volume of record requests and public engagement obligations and should monitor potential legislative changes that may expand transparency and oversight requirements.

Notes

Notes

Commonwealth of Pennsylvania

PA Department of Community & Economic Development
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