

Before the House Taxation Committee
Presented by Zack Pistora, Kansas Sierra Club
Oral Opponent on SB 51
3-6-25



Chairman Smith and Honorable Members of the Committee,

Thank you for the opportunity to submit opponent testimony on Senate bill 51, a bill provides for a sales tax exemption for the construction, remodel, and/or related costs of a qualified data center in Kansas.

Absent important policy protections that would shield Kansans from impacts of data centers upon our energy and water supplies and their associated costs, the Sierra Club Kansas Chapter opposes SB 51.

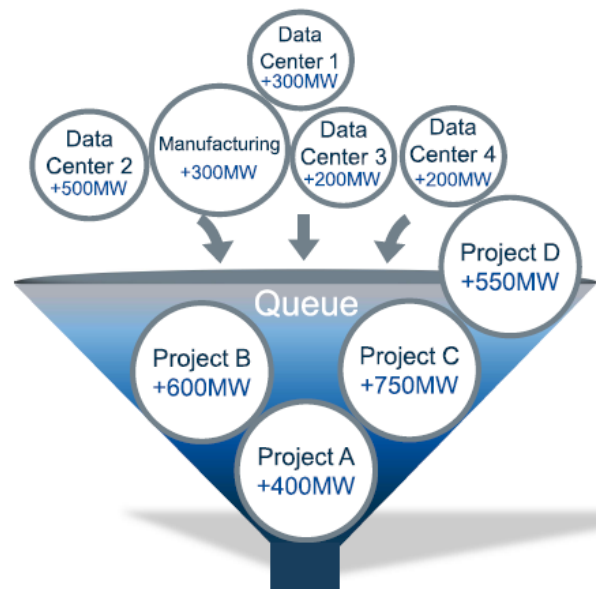
The Kansas Chapter of Sierra Club, representing ~5000 members across Kansas, is concerned about the adverse impacts of data center development in Kansas upon our communities and environment, especially on our electric rates, energy supply, and water resources.

Data centers need large amounts of water and have required huge buildouts of new electricity generation and infrastructure. Without policy changes, all of that new infrastructure is likely to be borne by ratepayers. These corporations certainly do not need tax breaks and Kansans don't deserve higher costs as a result.

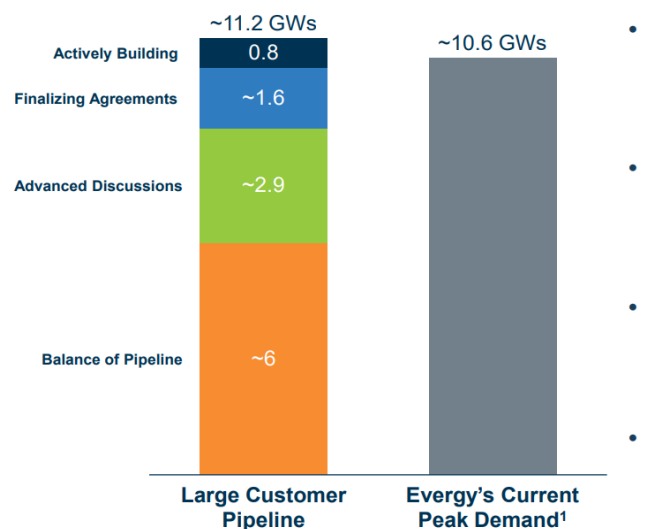
Because data centers use massive amounts of power, Kansas' energy supply will be strained, and rate payers will be picking up the tab unless SB 51 pairs the opportunity for additional energy resources.

Data centers are very energy-intensive. Data centers need 24/7 large capacity - often 100, 200, or 300 megawatts (MW); more power than many of our Kansas communities and businesses currently use, combined. For context, Evergy's current peak demand for its vast territory is ~11GW right now. Evergy officials say that data centers and other large-load customers in its economic development pipeline could DOUBLE its power generation needs. With a 5-year, \$17.5 Billion investment plan from Evergy that folds in two billion-dollar gas power plants into the rate base to power these data centers and large customers, what will this mean for electric ratepayers?
Answer: much higher electric bills for Kansans.

At minimum, Kansas lawmakers should allow data centers to obtain their own onsite energy systems so as not to put a major drain on our electric grid and keep new costs from being absorbed by rate payers.



Evergy Presentations – (top- 11/20/24, below 2/27/25)



Other states with data centers are already experiencing rising electricity rates and some state legislatures are reconsidering their tax incentives.

Virginia, which leads the country in data centers, is seeing its utility, Dominion Energy, predict a more than 100% increase in electricity usage in the next 15 which could double Virginian electric bills, according to analysis on its 2024 Integrated Resource Plan. Last year, Georgia, which is home to more than 50 data centers, had its Legislature vote in favor of halting its state's tax incentives for data centers for two years. Other reconsiderations on data centers have been happening in South Carolina and Utah.

Data centers, with their tremendous need for water for cooling, will not help Kansas' water challenges.

Many data centers depend on water-intensive cooling systems that can consume anywhere from 300,000 gallons to 3,000,000 gallons of water *per day*, enough for 1,000 to 10,000 American homes, according to studies by Lawrence Berkeley National Laboratory, University of Tulsa, and Virginia Tech University. According to Google's 2024 Sustainability Report, its data center in Council Bluffs, IA used 980 million gallons in 2023, while its data center in Mayes County, OK used 815 million gallons of drinking water in a year. With many parts of Kansas facing scarcity of water resources, we do not want to put our precious water supplies any more at risk by welcoming this thirsty industry.

As is, SB 51 is a taxpayer handout to now-profitable businesses we and our environment cannot afford.

Given the prospect of negative consequences of data centers on our energy and water resources, along with the cost implications upon higher electric bills and diminished water supplies, there's no good reason to offer data centers tax breaks to well-off tech companies without environmental assurances.

We are happy to work together with legislators and stakeholders on SB 51 to assuage our concerns.

Sincerely,

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The Sierra Club is the largest grassroots environmental organization dedicated to enjoying, exploring, and protecting our great outdoors. The Kansas Chapter has been our state's strongest grassroots voice on environmental matters for fifty years.

Sierra Club recommendations to help data centers do business the right way for Kansas:

- Data center providers (and other large industrial customers) should procure incremental and additional local (or deliverable) Kansas-based renewable energy and storage that meets the energy and capacity requirements of their facilities during all hours. Data centers and other large industrial customers should have the right to use onsite and/or direct power generation supplies independent from their utility.
- Data center owners should take steps to promote the integration of clean energy into their electric systems by advancing demand response and/or demand shifting.
- Data center providers (and other large industrial customers) should use their buying power to ensure that the utilities and systems that provide their energy, and the energy of the communities that they reside in, are moving towards achieving meaningful progress on reducing emissions and atmospheric pollution.
- Data center providers should seek to minimize or eliminate fossil backup generation facilities that may collectively lead to unhealthy air during adverse power conditions. This should include a commitment to energy storage technology not using backup diesel generators.
- Data centers should monitor water consumption and water quality impacts throughout its life cycle and continually update practices to improve water use.