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January 22, 2025

Committee Hearing: **HB1239**

Industry, Business and Labor

Representative Warrey and Committee Members,

The North Dakota Planning Association respectfully requests a DO NOT PASS recommendation on House Bill 1239.

Data centers are an important industry in North Dakota and our members support the growth of these land uses within the context of zoning authority already granted to Cities, Counties and Townships. House Bill 1239 defines a specific type of data center, related to blockchain verification for digital assets, and appears to preempt local zoning restrictions, including in all residential zoning districts, for this one type of business.

By the text of the bill, digital asset mining must be allowed in all residential areas, as long as noise ordinances are adhered to. However, noise is not the only concern zoning is intended to alleviate. Residents may object to the construction of a warehouse full of computers, with typical security lighting and fencing, in the middle of their own neighborhoods. There are also concerns about fire hazard. In 2019, a digital asset mining operation caused a large warehouse fire in Grand Forks.

Secondly, noise ordinances are reactive, while zoning is intended to be proactive. Noise violations cannot occur until after an entire facility is constructed and operational, which creates a challenge for the data center operator and the political subdivision alike. Through zoning, localities intend to separate uses that are known to create nuisances to prevent conflict from occurring in advance.

Finally, this bill is overly specific in application. Why should a data center verifying blockchains be treated differently than an identical data center supporting, for example, artificial intelligence applications? There is no difference in the impact on the public or economic development potential to warrant differential treatment.

Cities, Counties, and Townships should retain their ability to apply reasonable limitations through zoning on digital asset mining land uses, similar to what is applied to all other commercial and industrial land uses. Please recommend DO NOT PASS for House Bill 1239.

Thank you,

North Dakota Planning Association Board  
Rachel Laqua, President