



Mr. Chairman and members of the Committee,

My name is Josh Teigen and I have the honor of serving as the Director for the Economic Development and Finance Division for the ND Department of Commerce.

I am here today to testify in support of SB 2137 both on behalf of the ND Dept of Commerce, but also on behalf of the Empower Commission. By statute, the Empower Commission is to be chaired by a member of the Dept of Commerce. While I am not that Chairperson, I am here on behalf of James Leiman, who currently serves as chair.

It is no secret that growing tax revenues is one of the paramount objectives for a lawmaker at any level. This is most commonly done through job creation. Thus, you may be wondering why we are supporting incentives for an industry that is typically lower on employment than others. The job numbers are lower than a manufacturing facility for example but looking purely at employment is a shortsighted viewpoint if you do not look at all the other factors at play.

Research has shown that for everyone data center worker, there were five jobs supported elsewhere in the economy by operating expenditures – after the surge in jobs caused by capital expenditures. The induced economic impact and ripple effect of a data center is significant.

Let's not forget that perhaps the second most crucial element of tax revenue growth is accomplished through capital investment. While low on employment, data centers are highly capital-intensive. Capital investment in a data center is easily in the tens of millions of dollars. This investment comes in the form of construction of a new building, purchases of computer servers, and perhaps most importantly, consumption of electricity, and lots of it. States and local communities are both poised to reap the tax benefit of data centers through construction materials, equipment purchases, power consumption, and direct and indirect jobs

The impacts of data center development are real and long lasting. A state/community should be equally (if not more) motivated to recruit data center developments as it would any other typical economic development project. The reason that I say that perhaps we should be more motivated is because this is an infrastructure play. Our world is rapidly moving into more of a digital economy as we transition into the information age across the globe. Data centers are an integral piece of infrastructure to enable continued innovation in growth on a global stage.

Data centers are also crucial for supporting other industries as we look at a cohesive approach to diversifying the economy. Industries such as UAS, energy, agriculture, and technology all stand to benefit from a data center infrastructure in the state of ND.

Our energy industry stands to benefit significantly from data centers as well. We all know the balance between supply and demand, and increased demand leads to higher energy prices which is good for ND and good for our energy producers. Data centers are massive consumers of energy, so beyond all the economic benefits on the surface, a demand increase for ND energy is always a good thing.

Data centers also have a significant positive impact on community development. They tend to require enhancements to infrastructure such as roads, water, sewer, and to a lesser extent power. This infrastructure development tends to support higher employment uses and, in some cases, accelerates employment growth that otherwise would not occur in the foreseeable future.

Although data centers tend to entail minimal job creation this job impact comes with minimal costs of services for roads and schools. Schools are not expected to experience much (if any) strain because of the lack of new students brought about by a data center development.

As you have hopefully heard, data centers are a tremendous driver of economic growth, diversification, and resiliency for an economy. We will never experience a time where we are consuming less data than we are now. ND is already behind in this area. It is time to make the prudent investment to enable this industry to develop and flourish within the state of ND. I encourage you to pass SB 2137 and will stand for any questions that you may have.