



ARTIFICIAL INTELLIGENCE AND DATA CENTER COMMITTEE

Tuesday, October 6, 2026
Grand Farm Innovation Campus
Wheatland, North Dakota

Representative Jonathan Warrey, Chairman, called the meeting to order at 9:02 a.m.

Members present: Representatives Jonathan Warrey, Mike Nathe, Anna S. Novak,* Todd Porter, Mary Schneider; Senators Jose L. Castaneda, Kyle Davison, Janne Myrdal, Dean Rummel, Mike Wobbema; Citizen Members Tony Clark, Mark R. Hagerott*

Members absent: None

Others present: Senator David Hogue, member of the Legislative Management Sara Burchill and Sam Wagner, Casselton; Chris Swedzinski, Applied Digital; Perry Rust and Vern Thompson, Fargo; Jay Hesse, Kindred; Holly Burch, Mandan; Chris Schilken, Department of Commerce; Howdy Lawlar,* McKenzie County Board of Commissioners; Darcy Neigum, Montana-Dakota Utilities Company; Mac McLennan, Minnkota Power Cooperative; Seth Arndorfer, Dakota Carrier Network; Reice Haase,* Department of Water Resources; Brent Brinkman, Cass Rural Water Users District

Daniel Egemo, Legislative Council

See [Appendix A](#) for additional persons present.

**Attended remotely*

It was moved by Senator Rummel, seconded by Senator Wobbema, and carried on a voice vote that the minutes of the August 31, 2026, meeting be approved as distributed.

Mr. Daniel Egemo, Policy Analyst, Legislative Council, presented a memorandum entitled [Artificial Intelligence Uses and Commercialization Opportunities](#).

IMPACTS OF DATA CENTERS ON WATER

Mr. Brent Brinkman, General Manager, Cass Rural Water Users District, presented information ([Appendix B](#)) regarding the application process and water usage of industrial users. He noted the district evaluates all industries requesting water using the same processes.

In response to questions from committee members, Mr. Brinkman noted:

- Data centers have requested public drinking-quality water, while other industries require a higher quality water.
- The district requires the business to cover infrastructure costs but retains ownership of the infrastructure.
- The district treats and sells 4.6 million gallons of water daily and stores around 3.5 million gallons to ensure treatment plants never operate at maximum capacity.
- The Resources Trust Fund typically supports residential development and the district identifies when funds are used for industrial purposes.

- Applied Digital requested to use roughly 50,000 gallons of water per day. By comparison, the Tharaldson Ethanol Plant uses roughly 1.4 million gallons daily, and the North Dakota Soybean Processors crushing plant uses roughly 500,000 gallons daily.

Mr. Reice Haase, Director, Department of Water Resources, presented information ([Appendix C](#)) regarding the state's role relating to the water usage and permitting for data centers. He noted:

- The Department of Environmental Quality (DEQ) regulates water quality, while the Department of Water Resources regulates water quantity and allocation.
- The Department of Water Resources estimates the Resources Trust Fund will collect \$354.9 million in the next biennium, which will be used to cost-share projects with political subdivisions and rural water systems.
- Water from deeper aquifers requires more treatment due to higher salt content, increasing treatment costs.

In response to questions from committee members, Mr. Haase noted:

- The United States Department of Agriculture, DEQ, and the Bank of North Dakota offer low-interest loans and cost-sharing grants for industrial projects.
- Any company discharging wastewater must meet United States Environmental Protection Agency and DEQ requirements.

IMPACTS OF DATA CENTERS ON COMMUNITIES

Mr. Chris Schilken, Commissioner, Department of Commerce, provided information ([Appendix D](#)) regarding the impact of data centers on political subdivisions. He noted the department does not regulate data centers, but is collecting information about data centers to assist communities preparing for economic development projects.

In response to questions from committee members, Mr. Schilken noted the department provides townships with a community site readiness tool and economic impact reports. The tool does not incorporate productive farmland data, but could be expanded to include the data.

COMMENTS BY INTERESTED PERSONS

The committee received information relating to the committee's study of artificial intelligence and data centers from the following individuals:

- Mr. Perry Rust, Fargo, provided testimony regarding the siting and permitting of energy industries and the potential economic loss in North Dakota.
- Ms. Sara Burchill, Casselton, provided testimony regarding industrial development, property value, easements, and landowner rights.
- Ms. Holly Burch, Mandan, provided testimony ([Appendix E](#)) regarding diesel backup generators, maintenance, utility-scale batteries, and permitting.
- Mr. Chris Swedzinski, Applied Digital, provided testimony regarding Applied Digital's water usage.
- Mr. Vern Thompson, Fargo, provided testimony ([Appendix F](#)) regarding a hyperscale data center development plan for state government.
- Mr. Jay Reinke, Rugby, provided testimony regarding an ordinance approved by the Rugby City Council based on the North Dakota League of Cities model ordinance.
- Mr. Jay Hesse, Kindred, provided testimony regarding Geronimo Power.
- Mr. Sam Wagner, Casselton, provided testimony regarding local township interests in zoning, siting, and permitting.
- Mr. Chris Renner, Beulah, provided testimony ([Appendix G](#)) regarding potential economic impacts of artificial intelligence agriculture techniques.

The following individuals submitted written testimony subsequent to the meeting:

- Mr. Jamison Bernstein, Mapleton, submitted testimony ([Appendix H](#)).
- Ms. Linette Irwin, Hazen, submitted testimony ([Appendix I](#)).
- Mr. Kyle Thorson, Grand Forks, submitted testimony ([Appendix J](#)).

IMPACTS OF LARGE-LOAD CUSTOMERS

Mr. Seth Arndorfer, Chief Executive Officer, Dakota Carrier Network, presented information ([Appendix K](#)) regarding the provision of broadband services to hyperscale data centers. He noted:

- North Dakota leads the nation in households with access to gigabit internet speeds, which exceed the Federal Communications Commission definition of broadband speed.
- Dakota Carrier Network (DCN) has connections to 32 state networks nationwide with similar fiber infrastructure, enabling DCN to interconnect and expand coverage and capacity for customers.
- DCN's closed-loop cooling systems use approximately one acre-foot of water per year.

In response to a question from a committee member, Mr. Arndorfer noted North Dakota has several types of data centers, including traditional enterprise colocation, hyperscale, and cryptomining facilities.

Mr. Darcy Neigum, Vice President of Energy Supply, Montana-Dakota Utilities Company, presented information ([Appendix L](#)) regarding the impact of large-scale data centers on energy supply. He noted residential customers have generally benefited from large-load customers.

In response to questions from committee members, Mr. Neigum noted:

- Montana-Dakota Utilities (MDU) establishes a separate pricing node for large-load customers on the Midcontinent Independent System Operator market.
- MDU does not contract directly with data center tenants, but rather with the hosting company or data center owner.
- MDU energy market studies have modeled how data center load growth may affect pricing and load constraints.
- Other regions may not have stranded power similar to Applied Digital's Ellendale site, but companies may replicate the cost-sharing model used by MDU and Applied Digital.

Mr. Mac McLennan, President and Chief Executive Officer, Minnkota Power Cooperative, presented information ([Appendix M](#)) regarding the impact of data center energy demands on rural cooperatives. He noted:

- Minnkota averages 4 consumers per mile of line and the smallest member has roughly 0.9 consumers per mile of line.
- Expanding electrical generation diversity could support aging generation plants and grid infrastructure.

In response to questions from committee members, Mr. McLennan noted:

- Minnkota does not use members' capital for infrastructure projects. Instead, Minnkota requires large-load customers to meet a minimum revenue guarantee.
- To connect the eastern and western power sources in North Dakota, utilities may need to build transmission lines across productive farmland.

Mr. Howdy Lawlar, Chair, McKenzie County Board of Commissioners, provided information ([Appendix N](#)) regarding his findings about hyperscale data centers in Cheyenne, Wyoming. He noted:

- Data centers in Cheyenne, Wyoming, are secure and well maintained, and their systems have changed as the capacity has increased.

- Transparency and public involvement shape how communities interact with data centers.
- Cheyenne representatives noted data centers account for between 2.5 and 2.9 percent of the city's total water usage.

In response to questions from committee members, Mr. Lawlar noted:

- Cheyenne found water contamination from a data center and changed the city ordinance to prevent future water contamination.
- McKenzie County has approved an industrial facility ordinance regulating noise, setbacks, power generation types, decommissioning, and land reclamation for new industrial facilities. State inspection, enforcement, and penalty authority for data center violations would support county regulations.

Chairman Warrey noted the committee will hold its final meeting on October 20, 2026.

No further business appearing, Chairman Warrey adjourned the meeting at 3:38 p.m.

Erin K. Dohm
Counsel

Kim Yang
Policy Analyst

ATTACH:14