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# CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

## Policy Session Worksheet

**Presentation Date:** July 7, 2026

**Approx. Start Time:** 2:00 PM

**Approx. Length:** 30 minutes

**Presentation Title:** Data Center Potential Policy

**Department:** Department of Transportation and Development

**Presenters:** Dan Johnson, Director; Cheryl Bell, Assistant Director

### WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

None, Informational Only.

### EXECUTIVE SUMMARY:

With the recent regional interest around the siting and construction of data centers, the Board requested a Policy Session to understand the County's role in the development review and economic development incentives related to data centers, and to provide a forum to discuss data centers in Clackamas County.

#### **Background**

A data center is a facility that contains an organization's centralized informational technology systems supporting their digital environment. Data centers are buildings, generally industrial in nature, that house computers, servers, routers and other networking equipment that supports various technological needs of an organization such as cloud-based software, search engines, AI generation and digital data storage.

Recent information collected as a part of the regional data center conversation suggests:

- Approximately 6 billion people, 74% of the global population, are online today. Representing an increase of 46% since 2010, according to the International Telecommunication Union (2026).
- On average, U.S. households have a total of 22 internet connected devices, according to Deloitte's Connectivity and Mobility Trends Survey (2023).
- The average monthly home internet use has increased from 150 GB in 2018 to more than 750 GB per household in 2025, per Open Vault Broadband Insights Report (2025)

This information shows the reliance on digital services to meet our daily needs.

While data centers provide important functions for our community, there are also increasing concerns regarding the energy and water demands for these facilities. The equipment housed in data centers generates heat during operations. To offset this heat generation, data centers require cooling systems to dissipate the heat and maintain the optimal operating conditions for the equipment. A 2026 Congressional Research Service report notes that two studies found that U.S. data center energy usage in 2023 (not including cryptocurrency) was approximately 4.4% of the U.S. annual electricity consumption for that year.<sup>1</sup> A recent 2026 Consumer Reports study notes that by 2028 data centers could use 12% of all the electricity consumed in the U.S.<sup>2</sup>

In addition to power, data centers also impact water usage as servers are cooled by using constantly circulating water. Greenfield noted in their 2026 Consumer Reports article that

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<sup>1</sup> Lawson, Offutt, Ortiz & Zhu, 2026, <https://www.congress.gov/crs-product/R48646>

<sup>2</sup> Greenfield, 2026, <https://www.consumerreports.org/data-centers/ai-data-centers-impact-on-electric-bills-water-and-more-a1040338678/>

“a data center can use up to 5 million gallons of water every day, as much as 16,000-plus average U.S. households, according to Environmental Protection Agency estimates.

That’s just direct usage for cooling. Generating the electricity to keep data centers powered up requires additional millions of gallons of water, even more than the water used for cooling.”

## ***County’s Role in Data Centers***

### Development Review

Data centers are primarily housed in warehouse/industrial facilities of various sizes. Though no data centers have been built to date in Clackamas County, they are allowed in the General Industrial (GI), Light Industrial (LI) and Business Park (BP) zones. In addition, there are several commercial zones that likely would allow the use.

As with any structure of this nature, land use entitlements are required. If locating in a zone in which this particular use is allowed outright, land use review would be limited to review of structural design, site circulation, landscaping and associated development standards found in the Clackamas County Zoning and Development Ordinance (ZDO).

Submittal requirements for a land use application of this nature include preliminary statements of feasibility from water, sanitary sewer and surface water management service providers. These statements are provided by the applicant from the provider to ensure a sufficient level of services is available from the provider to support the development as proposed. Additional conditions of approval from the providers may be included in the final land use decision.

Development review would also include any needed surveying, site development (development engineering), and building permits. These reviews would follow standard practices, as there are no special considerations for data centers.

### Economic Development Incentives

As recently noted in several local media outlets, community concerns for these facilities include the various common economic development incentives provided by local jurisdictions, primarily around tax abatement through locally adopted Enterprise Zone programs.

Enterprise zones are designed to encourage business investment through property tax exemption in designated areas of the county. Businesses locating or expanding in these enterprise zones may be eligible for a 3-year property tax abatement on new construction and equipment (capital assets) for a period of 3 years.

Currently there are five enterprise zones within the County: North Urban Clackamas County, Oregon City, Estacada, Molalla and Sandy.

For the standard, 3-year enterprise zone exemption, a business shall:

- Increase full-time, permanent employees by 10%,
- Maintain minimum employment level during exemption period,
- Enter in a first-source agreement with local job training providers, and
- Pay an application fee of 0.1% of the proposed total investment.

### State Moratorium

In March, the Oregon Legislature passed House Bill 4084, effectively putting a one-year pause on new data center tax exemptions in urban and suburban enterprise zones. On June 6, 2026, the moratorium took effect, essentially giving time for additional analysis and policy recommendations ahead of the 2027 legislative session.

**FINANCIAL IMPLICATIONS (current year and ongoing):**

Is this item in your current budget?  YES  NO

What is the cost? \$ **N/A**

What is the funding source? **TBD**

**STRATEGIC PLAN ALIGNMENT:**

- **How does this item align with your Department's Strategic Business Plan goals?**  
Our Departmental and Program mission includes providing planning, property information and permitting services to residents, property owners, the development community and businesses so they can experience a safe, thriving and well-planned community, make informed decisions, invest and develop property.
- **How does this item align with the County's Performance Clackamas goals?**  
Vibrant Economy – Data centers provide infrastructure to support new businesses and development.

**LEGAL/POLICY REQUIREMENTS:**

N/A – Informational Only

**PUBLIC/GOVERNMENTAL PARTICIPATION:** N/A – Informational Only

**OPTIONS:** N/A – Informational Only

**RECOMMENDATION:** N/A – Informational Only

**ATTACHMENTS:** None.

**SUBMITTED BY:**

Division Director/Head Approval \_\_\_\_\_

Department Director/Head Approval \_\_\_\_\_

County Administrator Approval \_\_\_\_\_

For information on this issue or copies of attachments, please contact Dan Johnson, 503-742-4325.