

# Local Laws and Zoning Regulations for Data Centers in Pennsylvania

## Fact Sheet

### Introduction

Data centers — large warehouse-like facilities housing servers and IT equipment — are rapidly expanding to fuel the AI boom. However, as more of these projects are proposed, unchecked growth can place new burdens on local water supplies, electric grids, and land use systems, while limiting communities' ability to guide development in ways that reflect local needs.

Local governments have an important role to play in shaping how these facilities are sited and developed. Through local legislation and zoning rules, municipalities can encourage community input, protect local resources, and ensure that new development aligns with community needs and priorities.

### Zoning Regulations

While Pennsylvania municipalities cannot prohibit the establishment of any lawful and reasonable business, including data centers, they can create and use zoning ordinances to control where data centers may be built, the permitting process, and the conditions for development.<sup>1</sup> In particular, under the Pennsylvania Municipalities Planning Code (MPC), townships, boroughs, and cities have the authority to create their own zoning codes that address local land use, site standards, and approval procedures.

In determining where data centers may be built, municipalities can create a dedicated land use category or a zoning overlay district specifically for data centers. They can direct these facilities to industrial zones, located away from residential areas in order to reduce disturbances, including noise, and minimize community disruption.

Data center projects can be classified as By-right use, conditional use or special exception by municipalities, based on which the zoning permit process differs<sup>2</sup>.

- **By Right:** By-right uses are approved by zoning officers in compliance with the zoning ordinances without requiring a hearing. This is not recommended for data center projects as it lacks community input.
- **Conditional Use:** Conditional use approval is granted only if the project meets pre-established public interest criteria and receives approval from the governing body after a public hearing and a recommendation from the local planning agency. Municipalities may also impose reasonable conditions on data center approvals, including landscaping, building façade design, screening, setbacks, traffic management, noise mitigation, and measures to minimize energy and water usage. These regulatory requirements should enhance community benefit without making development infeasible. Municipalities can revoke an occupancy permit if the project violates those conditions after approval.<sup>3</sup>

- **Special Exception:** Special exception approval is similar to conditional and is subject to specific standards being met. However, the approval decision here is made by the zoning hearing board after a public hearing.

## Water and Energy Regulation

While the Pennsylvania Public Utility Commission (PUC) oversees public utilities, it does not regulate electric rates set by local providers, allowing municipalities to put laws in place requiring data centers to cover the costs of new electric transmission lines and other infrastructure needed to meet increased demand.<sup>4 5</sup> For example, a study in Virginia found that data centers tend to pay full service and distribution costs incurred because of their establishment. However, electricity rates for all other consumers are still rising due to increased demand and increased system-level costs, showing that even when data centers bear some direct costs, broader system impacts may still be passed on to other ratepayers.<sup>6</sup>

Municipalities can require data centers to report projected energy, water, and other resource demands through local ordinances.<sup>4</sup> They can also require developers to provide plans detailing how they will meet these resource needs and to assess and describe the impact on the surrounding community. Especially for consumptive water use, which occurs when water used is not returned to the local supply, municipalities can require impact assessments to evaluate effects on surface and groundwater levels in the areas around the data center. Municipalities should establish regular reporting requirements and hold data centers accountable for exceeding the approved thresholds for water and energy consumption.<sup>3</sup>

## Local Economic Trade-off

Data centers bring in big amounts of local tax revenue. In Loudoun County, Northern Virginia, data centers generate 38% of General Fund revenue and nearly half of the property tax revenue<sup>7</sup>. Data centers also pose a threat to local resources, burden communities with higher utility costs, and potentially absorb other uses of land that benefit communities. States and local governments need to not only create better policy guardrails but also demand more investments like economic development commitments beyond construction jobs, like AI partnerships with state and local governments similar to Anthropic's commitment to US Department of Energy and research and development funds into state universities, among other possible demands<sup>8</sup>. Concurrently, regulations such as those mentioned above should be utilized to negate potential harm to natural resources and communities at large to be able to benefit from data center development. The scale and urgency of data center development mean governments and communities have power to have a win-win agreement with powerful tech-corporations<sup>8</sup>.

## Public Education

It is also important for municipalities to educate communities and consider public input so that development reflects local priorities. Public education can help residents understand the potential tradeoffs associated with data center development and participate meaningfully in zoning related public hearings. Localities should conduct proactive public engagement, including community advocates and disseminating important information relating to upcoming data center proposals months before the hearing.<sup>9</sup> Meaningful community engagement can also help local governments identify concerns early, improve transparency, and build policies that are more responsive to local needs. Loudon County, Virginia decided to balance economic advantages of data centers with community input by eliminating by right uses and requiring public hearings for all data center

proposals<sup>10</sup>. On the other hand, due to lack of community input at approval stage in Peculiar, Missouri, initially permitted data centers in light industrial zones had to reverse their course following community objections<sup>11</sup>.

### **Following are some additional resources for local regulation on data centers**

- Cumberland County PA zoning guidelines - [Data-Centers-White-Paper-Final-1-16-25](#)
- Tioga County, PA Data Center ordinance - [Data-Center-Planning-FAQ-FINAL.pdf](#)
- Model Zoning Ordinance by PennFuture - [Model-Data-Center-Ordinance\(1\).pdf](#)

### Footnotes

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3. *Local Interventions - North Star Data Center Policy Toolkit*. (2026, March 24). North Star Data Center Policy Toolkit. <https://datacenters.ainowinstitute.org/local/#pass-zoning-ordinances-and-municipal-code-amendments>
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5. *Authority of State Commissions to Regulate Rates of Public Power Utilities*. (n.d.). Retrieved February 2, 2026, from <https://www.publicpower.org/system/files/documents/Rate%20Regulation%20of%20PP%20chart%20412.pdf>
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7. *How data centers transform, engage with communities | JLL*. (2025, August). Jll.com. <https://www.jll.com/en-us/guides/how-data-centers-transform-and-engage-with-local-communities>
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9. *Local Interventions - North Star Data Center Policy Toolkit*. (2026, March 24). North Star Data Center Policy Toolkit. <https://datacenters.ainowinstitute.org/local/#pass-zoning-ordinances-and-municipal-code-amendments>
10. *Loudoun County, Virginia, Eliminates By-Right Data Center Development | Insights | Holland & Knight*. (2025). Hklaw.com. <https://www.hklaw.com/en/insights/publications/2025/04/loudoun-county-virginia-eliminates-by-right-data-center-development>
11. *Zoning and Land Use Considerations for Data Centers*. (2025). DataCenterKnowledge. <https://www.datacenterknowledge.com/data-center-site-selection/zoning-and-land-use-considerations-for-data-centers>