DATA CENTERS IN ARIZONA: WHAT YOU NEED TO KNOW



TAXPAYERS PROTECTION ALLIANCE



Recently, data center operations and proposed projects have received a significant amount of attention from Arizona policymakers, pundits, and economic analysts. According to a January analysis by the Goldwater Institute, "The Greater Phoenix metropolitan area has emerged as one of the most significant data center hubs in North America, making our state a hotbed for large-scale digital infrastructure development. For Arizona residents, the scale and speed of this transformation have been striking. Industry rankings consistently place Phoenix among the top U.S. data center markets, often second nationwide in planned development. Current projections estimate a 553% increase in capacity, reaching roughly 5,340 megawatts of IT capacity, with more than a gigawatt already under construction."

PROPOSED AND PASSED RESTRICTIONS ON DATA CENTERS

- Call for a Statewide Pause: In August 2026, Attorney General (AG) Kris Mayes (D) publicly called for a complete statewide pause on the approval and construction of new data centers—specifically hyperscale artificial intelligence projects—citing rising energy bills and a roughly 30 percent cut by the Department of Interior to Arizona's Colorado River water allocation.

- Tucson Restrictions: In August 2026, Tucson's Mayor and Council approved sweeping regulations for large-scale data centers, effective September 4, 2026. The rules establish enhanced setbacks from residential and other sensitive uses, a 50-foot building height limit, noise restrictions, requirements to demonstrate adequate power and water supplies, energy mix disclosures, and limits on backup generator emissions. The regulations also provide for off-site protection of sensitive lands at a 2:1 ratio, subject to Mayor and Council approval.

- Pima County Moratorium: In September 2026, the Pima County Board of Supervisors voted to adopt Resolution No. 2026-56, establishing a 120-day moratorium on new data center development in unincorporated Pima County. The purpose was ostensibly to give county officials time to develop updated zoning regulations addressing data centers' environmental and infrastructure impacts. The Goldwater Institute has demanded that the county "immediately rescind its moratorium on new data center development, warning county officials that the sweeping prohibition violates Arizona law and threatens private property rights."



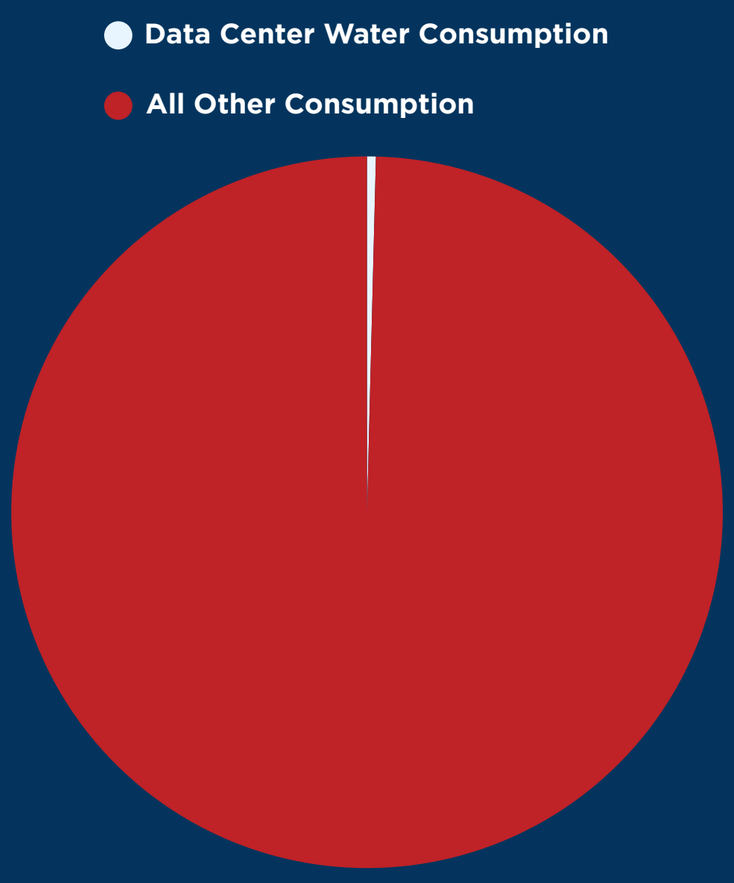
DATA CENTER DANGERS SIGNIFICANTLY OVERSTATED

Advocates of bans or restrictions often cite supposedly excessive water or electricity consumption by new data center operations. AG Mayes claims, "Data centers are power- and water-intensive, and Arizona is challenged on both fronts right now." However, this is simply not supported by the evidence.

DATA CENTER
MYTH V. REALITY



ARIZONA WATER USAGE, 2025



MYTH:

Data centers are using up a significant percentage of water.

REALITY:

In Arizona, data centers accounted for **0.4 percent** of all water consumption in 2025.

Brookings Institution data center water use estimates; Baxtel data center count; U.S. Geological Survey state-level aggregate water consumption figures.

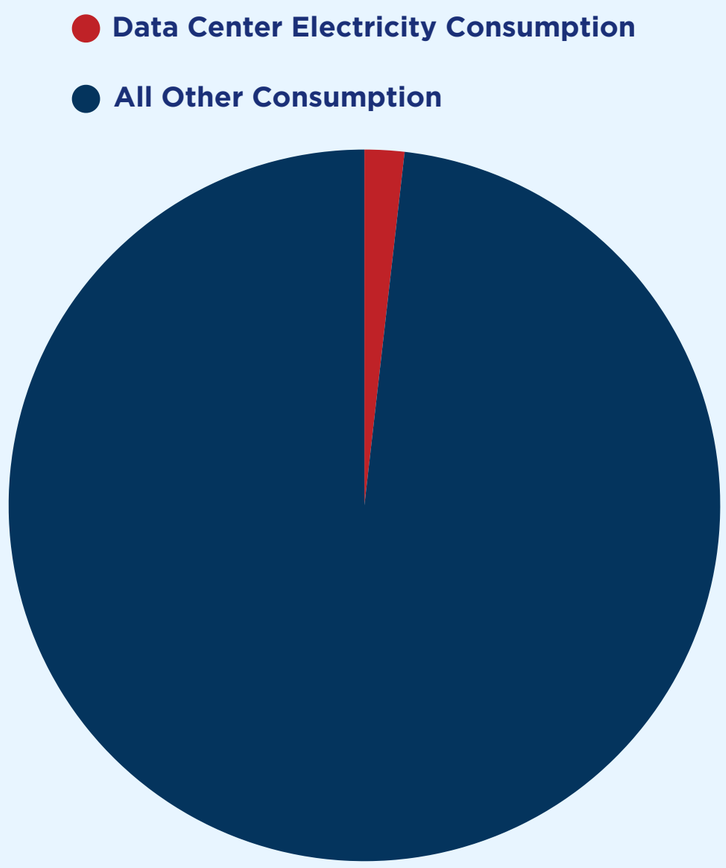
ARIZONA ELECTRICITY USAGE, 2025

MYTH:

Data centers are using up a significant percentage of electricity.

REALITY:

In Arizona, data centers accounted for **1.8 percent** of all electricity consumption in 2025.



Electric Choice data center power consumption figures; U.S. Energy Information Administration state-level net generation figures.

To learn more about the long-term projected water and electricity demands of data centers, visit the Q&A section at protectingtaxpayers.org/datacenters

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