

SELECT COMMITTEE ON DATA CENTERS

Who Is the Customer?

Beneficial-ownership disclosure in Ohio data center development

Ohio extends public benefits to developers it cannot name. That gap should be closed.

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One argument, made plainly

Ohio extends substantial public benefits to data center developers without requiring them to disclose who they are.



Not opposed

Ohio should welcome the industry. It brings real investment.



Bills get a lot right

HB 706, HB 646, and the forecast bill are good work already underway.



One question unanswered

Every safeguard depends on it: who is the customer?

THE GAP

Ohio subsidizes developers it cannot name

Abatements, public water and power, sometimes financed infrastructure — granted to entities that need never disclose their ultimate ownership. A shell company holds the deed; the principal stays hidden from the community paying for it.

American Township, Allen County — a documented case

~\$500M

capital investment

15 mo.

negotiated under NDA

Delaware

shell company

Redacted

permit specs (proprietary)

Officials acted in good faith on incomplete information. A gap in the law, not a failure of officials — and it is fixable.

THE DEFINITION

First, agree on what a data center is

Before the State can disclose who is behind a facility, it has to define the facility — and Ohio law gives no single answer. Every safeguard rests on a term each agency reads differently.

TODAY — R.C. 122.175

“A facility used primarily to house computer data center equipment...” — written to administer the tax exemption, tied to capital-investment and payroll minimums.

Program-bound. Silent on size, load, or function; never meant for zoning, water, utility, or permitting.

THE AMENDMENT'S INSTINCT

A data center defined by a measurable threshold — aggregate or peak load above 25 MW.

Capacity-based and testable — the right instinct, whatever one thinks of the number.

Adopt one standard definition — capacity-based, technology-neutral, able to aggregate common ownership — and use it across the Code.

Disclosure is the foundation, not a footnote

Nearly every protection the State is pursuing quietly depends on knowing who the customer is.



Cost causation PUCO's tariff and HB 706 depend on knowing who the cost-causer is.



Anti-speculation forecasting Verifying who stands behind a load request — PJM's reform already requires NDAs that share identity with the grid operator.



The 25 MW threshold Can't aggregate parcels to one owner with no disclosure rule. Hyperscale routes around a per-parcel ceiling by design.



Public trust Erodes when a community can't learn who it subsidizes — the petitioners' "cloaked in secrecy."

THE ECONOMICS OWNERSHIP HIDES

Government cloud is a different animal — and Ohio's defense footprint makes it real here



20–30%

above commercial rates for GovCloud — driven by isolation, U.S.-persons staffing, and compliance overhead.

The authorization level dictates the facility

FedRAMP Mod / High

Unclassified and controlled-unclassified information

DoD IL4 / IL5

Sensitive and national-security data

DoD IL6

Classified information up to SECRET

Higher levels require dedicated, physically isolated infrastructure — not the flexible commercial capacity an abatement forecast assumes. Wright-Patterson AFB and Ohio's defense primes make high-authorization hosting a realistic end use here, with a more durable revenue base than a commercial site. The State cannot price a deal it cannot see.

A government enclave can be closed to the very community that hosts it

Closed to local enterprise

An IL5 or IL6 environment is sold to no one on the open market — it cannot host a local hospital system, a regional bank, or a county government, and the vendors who service it must clear federal requirements a local integrator will not meet. A facility pitched as shared digital infrastructure can be capacity the community is structurally barred from using: built on local land, drawing local water and power, and closed to local business.

No amplification effect on local tech

The case for these projects is the cluster they are supposed to anchor — contractors, suppliers, startups, and skilled workers accreting around serious infrastructure. That effect depends on openness. A government enclave generates little of it: its supply chain is federal and largely out-of-region, its workforce is gated by clearances rather than drawn from the local pool, and its capacity is closed to the local ventures a spillover story assumes will use it.

What extraction looks like — and what reciprocity looks like

The same capital, two tax structures, two outcomes — and the difference is the terms a community sets.

356 jobs

from ~\$5.1B across 13 Ohio deals (through Sept. 2024)

~\$282M state revenue lost — near \$1M per job. Ohio levies no tangible-property tax on the equipment.

38%

of Loudoun County's general fund, on ~4% of parcels

>\$100M new revenue a year; residential tax rate cut every year for a decade (\$1.145 → \$0.805).

The same kind of facility can fund schools and cut homeowner taxes, or occupy land and draw power while contributing almost nothing for a generation. The difference is the terms — and no community benefits agreement has yet been secured for an Ohio data center.

A technical caution on the sales-tax exemption forecast

The exemption is scored against a forecast of equipment buys. The equipment does not sit still.



3–5 yr

server refresh cycle

Exempted purchases recur over the life of the agreement — not a one-time build-out.



~10×

AI-rack hardware cost vs. conventional

Per-rack cost has risen by an order of magnitude; each generation is denser and costlier.

A forecast built on initial fit-out or conventional unit costs understates the realized exemption — and the gap compounds with every refresh. Foregone-revenue figures are likely to prove low; build refresh cycles and current unit costs into the forecast.

The bills already in motion get a great deal right

Incomplete without disclosure — but good work the State should build on.



HB 706 — the spine

Long-term service agreements before dedicated build-out; minimum demand, exit fees, collateral; bars cost-shifting. Extends a tariff PUCO confirms works.



HB 646 — study commission

Right venue for the harder questions — but only as good as the data it's fed (see next slide).



Electricity Forecast Integrity Act

Strengthens load-forecast scrutiny; addresses speculation head-on.

HB 706 note: keep requirements anchored in retail service terms; align interconnection provisions with FERC's framework (FERC = wholesale; states = retail allocation) so the bill holds up on review.

A study commission is only as good as the data it is fed

The parties with the most detailed knowledge of these facilities — economics, workloads, true demand — are the operators, and they have every incentive to shape what a commission concludes.

Without independent data

Vulnerable to capture — it ratifies the industry's framing, because that is the only well-developed information in front of it. A venue for the regulated to brief the regulator.

With disclosure + reporting

Can independently verify ownership, end use, and resource consumption. A genuine fact-finding body. The remedy is the same disclosure this testimony recommends.

Recommendations

In descending order of foundational importance.

1

Require beneficial-ownership disclosure

Condition any public incentive, abatement, or infrastructure commitment on disclosure of the beneficial owner and controlling parent. The foundational fix.

2

Advance HB 706 as the core vehicle

Anchor in retail service terms; align interconnection provisions with FERC's framework so it holds up on review.

3

Use HB 646 to close the water gap

Meter and report facility-level water use; recommend a load standard based on local grid headroom, not a flat megawatt figure.

4

Require real-time facility-level reporting

WUE, PUE, and federal authorization posture (FedRAMP / DoD impact level). Already measured — the ask is to publish per facility, not in aggregate.

5

Build on forecasting & anti-speculation work

Ground investment in demonstrated need; protect existing consumers from stranded costs.

Ohio can welcome this industry — and protect the communities that host it.

The framework is most of the way built. Requiring developers to disclose who they are completes it — so Ohio families benefit from Ohio's future, and can always see who they are building it with.

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