



**PUBLIC SECTOR
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New independent analysis outlines roadmap for responsible data center development in Michigan

Public Sector Consultants report finds how Michigan can build on existing safeguards, strengthen public confidence and compete for next-generation investment

(LANSING, Mich. – JUNE 25, 2026) – As demand for digital infrastructure continues to accelerate across the country, a new independent analysis released today from Public Sector Consultants (PSC) finds Michigan can responsibly compete for data center investment while building on existing safeguards through targeted policy improvements.

Commissioned by the Michigan Chamber Foundation in partnership with the Detroit Regional Chamber, the report examines the economic opportunities, public concerns, existing safeguards and policy options surrounding data center development in Michigan.

“We started our research with a straightforward question: What would responsible data center development look like in Michigan?,” said **Maggie Pallone, senior vice president at PSC**. “What we found was that Michigan already has many of the safeguards in place that people are asking for. Through our analysis we identified some practical opportunities that will strengthen transparency, accountability and public confidence. This is a strong framework for policymakers, communities and stakeholders to navigate future development decisions in a balanced and informed way.”

A Growing Need, A Growing Debate

Data centers are becoming essential infrastructure for modern life and the technologies that power today's economy – from healthcare and manufacturing to education, logistics and financial services.

Whether online banking and healthcare records or virtual meetings, cloud-based business software, advanced manufacturing systems and online education, individuals, employers and communities increasingly rely on digital services powered by data centers. As demand for those services grows, so too does demand for the infrastructure that supports them.

At the same time, communities across Michigan are grappling with questions surrounding utility rates, water resources, land use, environmental stewardship and transparency. In many cases, those discussions have become polarized or oversimplified, framing the issue as a choice between economic opportunity and community protections.

The report concludes Michigan does not need to make that choice.

“The demand for data centers is being driven by the rapid digital transformation occurring across nearly every sector of the economy, and how people are living, working and doing business,” said **Jim Holcomb, president and CEO of the Michigan Chamber**. “That demand will only continue to grow. Michigan cannot afford to put its head in the sand while other states

aggressively compete for the infrastructure powering the next generation of economic growth and opportunity. The question isn't whether this investment will happen, but where – and whether Michigan will have the policies and public support necessary to compete responsibly for it and benefit. This report helps show how to do just that.”

Three Key Findings

The report identifies three overarching conclusions:

1. **Michigan has a significant economic opportunity.** Driven by the rapid growth of digital infrastructure, Michigan has an opportunity to attract investment, support construction and skilled trades jobs, generate local tax revenue, improve infrastructure and strengthen its position in a rapidly expanding sector.
2. **Public questions and concerns deserve attention.** Questions regarding utility rates, water resources, environmental stewardship, transparency and community impacts should be addressed through meaningful engagement, transparency and continued oversight.
3. **Michigan already has important safeguards in place – and practical policy recommendations can further strengthen them.** Michigan is not starting from scratch. Existing laws, regulations and oversight processes already address many concerns, while targeted policy improvements can further strengthen transparency, accountability and public confidence.

“In today’s connected and rapidly advancing technology environment, data centers are critical infrastructure like roads, underwater utilities, ports, and airports that fuel our economic success and global competitiveness,” said **Sandy K. Baruah, president and CEO, Detroit Regional Chamber.** “Michigan is strongly positioned to advance our innovation economy by intelligently adopting smart data centers and building on existing safeguards to protect our environment and citizens while capitalizing on the investment, innovation and jobs that will follow data centers.”

Policy Recommendations for Responsible Development

Rather than calling for blanket approvals or blanket restrictions, the report identifies a series of recommendations designed to build upon Michigan's existing safeguards in four key areas. Highlights include:

Reinforce Ratepayer Protections

- Codify current Michigan Public Service Commission safeguards into state law.
- Increase transparency regarding cost allocation and utility-rate protections.

Enhance Water Stewardship and Responsible Land Use

- Require low-water-use cooling technologies for facilities relying on direct groundwater withdrawals.
- Encourage redevelopment of brownfield and previously developed industrial sites and support site-readiness efforts that minimize impacts on farmland and open space.

Expand Transparency and Community Trust

- Limit the use of nondisclosure agreements.
- Expand public engagement and access to project information.

Strengthen Economic Benefits

- Align incentives with measurable economic outcomes and community benefits.
- Encourage broader technology investment, innovation and workforce opportunities.

The report notes that many concerns raised by residents can already be addressed through existing laws, regulations and oversight processes. The proposed framework focuses on practical ways to build upon that foundation and make those protections more visible, understandable and effective.

Moving from Research to Action

Holcomb and Baruah said they look forward to working with policymakers and stakeholders in the months ahead to advance the report's recommendations and support informed decision-making as discussions around data center development continue across Michigan.

The full report – *Economic Impacts and Policy Considerations for Data Center Development in Michigan* – and its detailed recommendations is available at publicsectorconsultants.com/mi-datacenter-policy.

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