The Datacenter Backlash Goes Bipartisan: Next Week's Midterms and the 2028 Buildout

2027 is largely locked in. 2028 is less secure: a prolonged Texas permit freeze is now the biggest single risk to the US buildout, and both parties are running on tighter rules

MAYA BARKIN, WAYNE MA, REYK KNUHTSEN, AND 2 OTHERS

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The 2027 datacenter boom is already being built and next week's midterms won't stop it now. Roughly three-quarters of the 33.8 GW due across our top 20 states is already under construction, which is why we remain comfortable with the global +50 GW year we laid out in our Oct. 16 article. The campuses are taking shape. The election will change the rules around them, but much of the 2027 pipeline already has a substantial head start.

The fight is over 2028. Our model has 62.2 GW of US net additions that year, most of which hasn't started construction. Most of it sits in states electing a governor on Nov. 3. This piece tracks the 13 states with the largest 2028 net additions in our model, setting aside Virginia and Mississippi, which don't hold state elections this November. Together they account for 43.5 GW, or 70% of what we expect nationally, and 10 of the 13 elect a governor.

Net 2028 capacity additions, gigawatts (GW)

State	2028 additions (GW)	Planned (%)
Texas	18.0	93%
Ohio	🔒	🔒
Georgia	🔒	🔒
Indiana	🔒	🔒
Arizona	🔒	🔒
Oklahoma	🔒	🔒
Pennsylvania	🔒	🔒
Missouri	🔒	🔒
Illinois	🔒	🔒
Wyoming	🔒	🔒
West Virginia	🔒	🔒
Oregon	🔒	🔒
Iowa	🔒	🔒
Total	43.5	93%

semianalysis

Source: SemiAnalysis Datacenter Industry Model
sales@semianalysis.com

Source: SemiAnalysis Datacenter Industry Model

That leaves a 2028 pipeline still working through approvals, power projects and construction schedules as the rules change. In September, we argued that datacenter moratoriums weren't killing the US buildout: of roughly 20 GW inside local restrictions, we estimated only 1.5 GW faced delay. Most exposed capacity already had protections or did not need the affected approval until after the pause expired. That broad conclusion has held up. What is changing is the reach of the restrictions given the growing anti-datacenter backlash.

Three things have worsened since. Texas, the largest US market, froze Texas C... on Environmental Quality (TCEQ) permits on Sept. 21 on top of the intercon... audit begun Aug. 3, bringing onsite power into the hold. Oregon expanded it... land freeze to air and water-discharge permits on Oct. 9, through July 1, 2027... candidates have campaigned on more restrictive positions: nine of the 20 nor...

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whether a developer can meet the new terms and keep building, or has to wait for the state to reopen approvals.

The biggest risk to our buildout forecast right now is a prolonged permitting freeze at the TCEQ. Texas alone adds close to 30% of US GW in 2028. A few months of lost time in that market can move the national number. We already flagged to Datacenter Model subscribers which companies are most at risk from the current pause. The question now is how long the pause lasts.

Gov. Greg Abbott (R), who is running for re-election in Texas, could reopen permitting once the Electric Reliability Council of Texas (ERCOT), the state's grid operator, finishes its audit and the Texas Water Development Board completes its water-use review. ERCOT is targeting Dec. 10 to file its report, which does not by itself reopen permitting. A restart around then would leave developers dealing with a relatively short interruption, which some projects can absorb within their schedules. The audit still has to lead to a decision to resume issuance, and each permit still needs approval.

By contrast, Gina Hinojosa (D), his challenger, presents a more bearish approach: She would impose a moratorium until legislation is passed that gives communities a voice and protects household utility bills, as well as ends the tax incentives for datacenters. The regular legislative session in Texas takes place from Jan. 12 to May 31, 2027. By keeping approvals on hold throughout that session, the freeze would last about eight months from September. If you wait for the new rules to come into effect in late summer, it will be close to a year, that is five to nine additional months compared to restarting in December. A deal or a special session might happen sooner. However, a campus racing toward delivery in 2027 may not have that much time to spare.

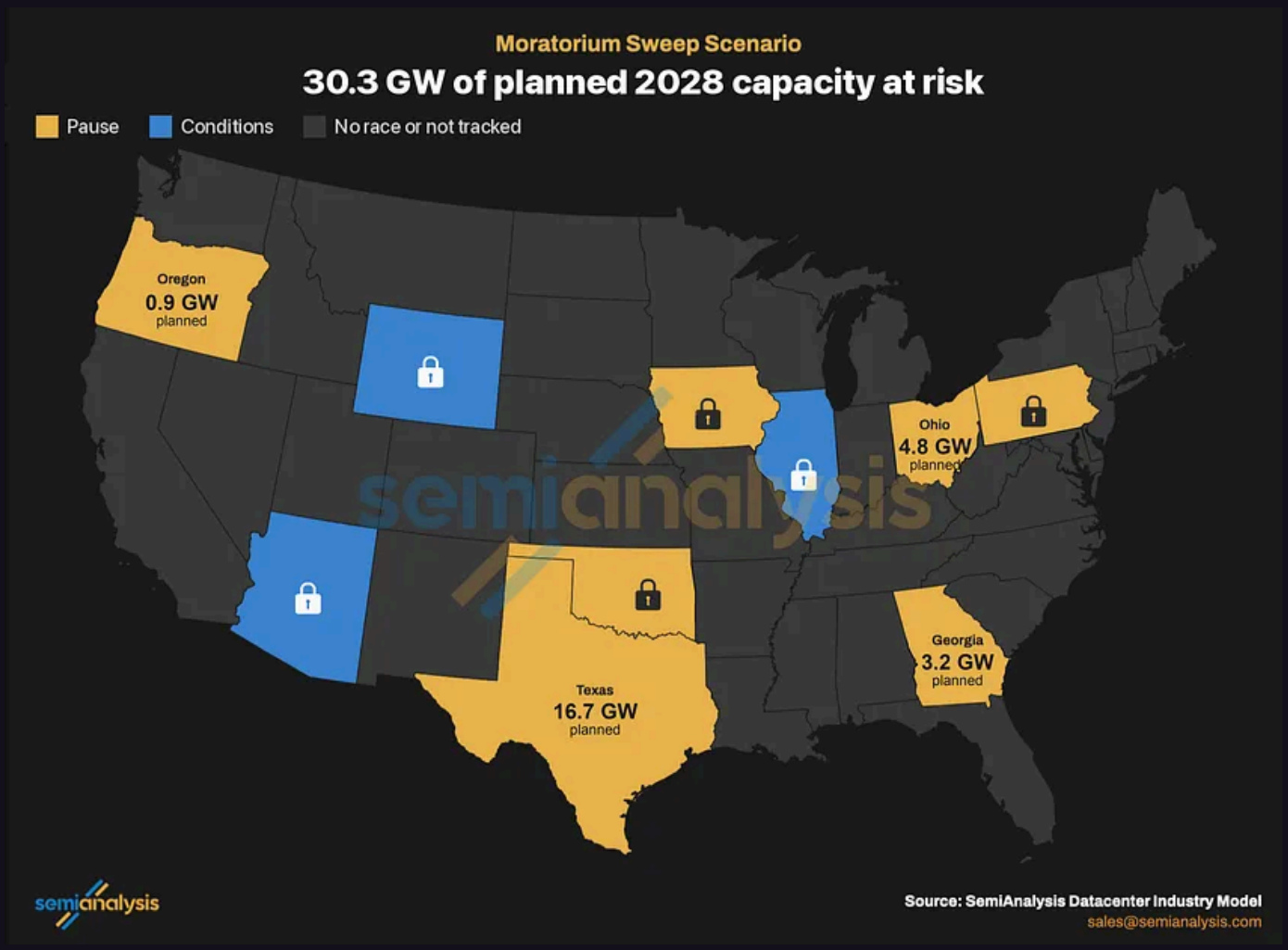


State	2028 adds (GW)	Pause	Conditions only	Pause duration
Texas	18.0	Gina Hinojosa (D)	Greg Abbott (R)	Hinojosa: until laws pass, est. to Sept. 1, 2027
Ohio		Amy Acton (D) Vivek Ramaswamy (R)	–	**Acton: no fixed end, lifts per project as conditions met (declared); Ramaswamy: 6-12 mo est.**
Georgia		Keisha Lance Bottoms (D)	Rick Jackson (R)	Bottoms: no end given; ~6 months est.
Arizona		–	Katie Hobbs (D) Andy Biggs (R)	–
Oklahoma		Cyndi Munson (D)	Mike Mazzei (R)	Munson: until guidelines set; ~10 months est.
Pennsylvania		Stacy Garrity (R)	Josh Shapiro (D)	Garrity: 'however long it takes'; 6-12 months est.
Illinois		–	JB Pritzker (D) Darren Bailey (R)	–
Wyoming		–	Eric Barlow (R) Ken Casner (D) no position found	–
Oregon		Tina Kotek (D) Christine Drazan (R)	–	**Kotek: to July 1, 2027 (declared); Drazan: est. same**
Iowa		Zach Lahn (R)	Rob Sand (D)	Lahn: until regulatory framework; ~6 months est.

Source: SemiAnalysis Datacenter Industry Model

This is the risk posed by the pro-moratorium candidates: a project cannot carry out work if it still requires an approval which the state has ceased to issue. If the candidate proposing a

depends on the permits each project still needs and how long the pause lasts.



Source: SemiAnalysis Datacenter Industry Model

We are less concerned with the candidates who support conditions only. Most of their demands change the price and terms of development. A developer can fund the grid upgrade, change the cooling design or negotiate the community agreement and then move forward. That can be expensive and time-consuming, but it gives projects a route to approval. Several of the main conditions were already coming:

- Submitting thorough water-usage studies: manageable for many projects, but the answer depends on cooling design and the local water supply.
- Paying the infrastructure costs they create: We expect this to come anyway, with datacenter developers now offering credits toward household electricity bills
- More environmental transparency and dropping non-disclosure agreements (NDAs) – Amazon Web Services (AWS) and Google have already started down this path

test for delays. It would still be a tougher development environment: fewer tax breaks, more upfront commitments and less room to leave infrastructure costs with the utility's other customers.

Source: SemiAnalysis Datacenter Industry Model

According to race ratings and available polling as of Oct. 30, from multiple sources (Cook Political Report, Multistate, and The New York Times), the conditions-only candidate is favored in Texas, Oklahoma, Pennsylvania, and Iowa, and Georgia is a toss-up. Here we take candidates' positions at face value. It will be up to whether these promises are turned into actual policy and whether the resulting pause intervenes in a project at the wrong stage in its timeline to determine the extent of the delay.

Source: SemiAnalysis Datacenter Industry Model

As noted in our September moratoriums article, these positions are overwhelmingly bipartisan now, with many campaigning on the following three points:

- Make datacenters pay their own grid costs (15 candidates)
- End the tax breaks (12 candidates)
- Limit or report water use (11 candidates).

Source: SemiAnalysis Datacenter Industry Model

Which states are the most impacted depends on which companies are building. We interviewed six current and former employees of hyperscalers, including people who worked at Amazon, Microsoft and Google and are involved in datacenter development. Several said that hyperscalers can afford to pay the higher costs of new rules and can more easily bring or pay for their own power.

However, that doesn't necessarily mean they will be able to deliver capacity on time. These projects still require their own permits and equipment. And having the money to pay for power transmission doesn't make it available immediately. A moratorium can block any project that still needs approval, and it won't be easy to shift development to another state: anywhere else would still require power, permits and construction schedules that can meet the same delivery timeline.

We made the same point from the other direction in Stop Saying Half of 2026 US Datacenter Capacity Is Canceled. Many projects being described as 2026 delays were speculative announcements that never belonged in a credible 2026 forecast. Here, the task is to identify which real campuses still need the approval a candidate wants to stop. A

The Growing Anti-Datacenter Sentiment Shaping US Politics

The datacenter backlash has moved faster than the industry expected. The AI boom has made these campuses visible, and candidates are tapping into concerns about jobs, noise, power rates and local resources. Those concerns now shape the terms on which developers can build.

The local candidates we interviewed all said that non-disclosure agreements that hide who developers are while they negotiate with local governments are a concern. “The public gets to know about all of this last,” said Rex Meyer (R), who is running for a seat on the Linn County Board of Supervisors in Iowa, which has datacenters and power projects being developed for Google and QTS within its borders. Meyer opposes the proposed Morgan Valley natural-gas plant at its Fairfax site, which would support the nearby Google and QTS datacenters.

Pam Marsh (D), who is up for re-election as a state representative in Oregon, said voter anxiety over AI is part of the problem. “We are starting to hear stories about people losing their jobs to AI. We’re looking at our kids, going: What can they train in? What should we be offering at our universities that will give people the best chance to make it in an AI world? And we don’t have clear answers to that yet.”

Marsh is open to a brief pause on datacenter construction in her state while tougher policies are written but doesn’t support the three-year moratorium recently proposed by her fellow Democrats, which she sees as effectively a ban.

In Georgia, Josh Tolbert (R), who is running for the Georgia Public Service Commission, the state’s utility regulator, believes datacenters should pay their own way. “If a datacenter causes a cost, that datacenter should pay it. Existing customers’ bills should not go up because of datacenters. It is that simple,” he said.

Development Risk at the State Level

policy also plays a role via its transmission rules, environmental permitting, infrastructure costs and oversight.

Politicians at the federal level have occasionally pushed for measures that would require state action. In Michigan, both Senate candidates, Mike Rogers (R) and Abdul El-Sayed (D), have called for datacenter moratoriums, but neither would have the power to enact one from the Senate.

In our analysis, state elections, governors, legislatures and utility commissions have the most influence over policy. Although governors can at times delay certain approvals, more extensive restrictions or changes to taxes generally have to go through legislation, as we explained in our September newsletter article on moratoriums.

- **Governors** can act quickly by halting permits an agency hasn't issued, changing review priorities and directing agencies to impose conditions within their legal authority. Abbott's TCEQ freeze and the environmental-permit hold imposed by Tina Kotek (D) show how quickly that can affect a schedule. Existing permits protect the work they authorize, but a campus can still need approval for its next power phase. Appointments also matter: in Texas, Ohio and Pennsylvania, governors appoint utility commissioners, subject to Senate review; Ohio's governor also shapes the Power Siting Board.
- **Legislatures** hold the money and the statute. The equipment sales-tax exemption is one of the biggest levers they wield, potentially worth billions of dollars per gigawatt, as it eliminates the sales tax on the servers, GPUs, networking gear, cooling systems, transformers and backup generators that fill a datacenter. Legislatures also write the statutory moratoria that outlast executive orders, which can be quickly repealed or reversed.
- **Utility commissions** decide what datacenters pay for power and the terms of service, including deposits, minimum bills, upgrade costs and exit fees. Commissioners are elected in Georgia, Arizona and Oklahoma and appointed in many other states. Staggered terms and confirmation requirements mean a governor's victory doesn't immediately change a commission's majority. In states where the nation's largest power transmission organization, PJM Interconnection, operates, governors don't have much power over it.

commissions), how much policy differs between the possible outcomes and how much capacity still depends on an affected decision. Local approvals remain a separate source of project risk. Our analysis focuses on state-level elections.

Source: SemiAnalysis Datacenter Industry Model

We divided states into three tiers based on their unstarted capacity exposure in 2028 and how directly the Nov. 3 midterm results could change the policies affecting that capacity. In this analysis, we distinguish existing restrictions from changes the election could bring.

- **Tier 1** includes states with large unstarted capacity exposure (>2 GW), where further restrictions are likely whoever wins. Texas, Ohio, and Arizona have restrictive candidates on both sides, while Georgia has a toss-up governor's race and a Public Service Commission (PSC) majority on the ballot.
- **Tier 2** includes states with meaningful unstarted capacity (1.5-2 GW) where additional restrictions depend on a change in political control, through Pennsylvania's Senate race or a Democratic win in Oklahoma's governor's race.
- **Tier 3** covers smaller unstarted capacity exposures (<1.5 GW), where more restrictive datacenter policies are highly likely: Illinois, Oregon and Iowa may face tighter policies whoever wins.

We're leaving out Indiana, Missouri, Wyoming, and West Virginia from these tiers. Indiana and Missouri have large Republican majorities and supportive governors staying in office.

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