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

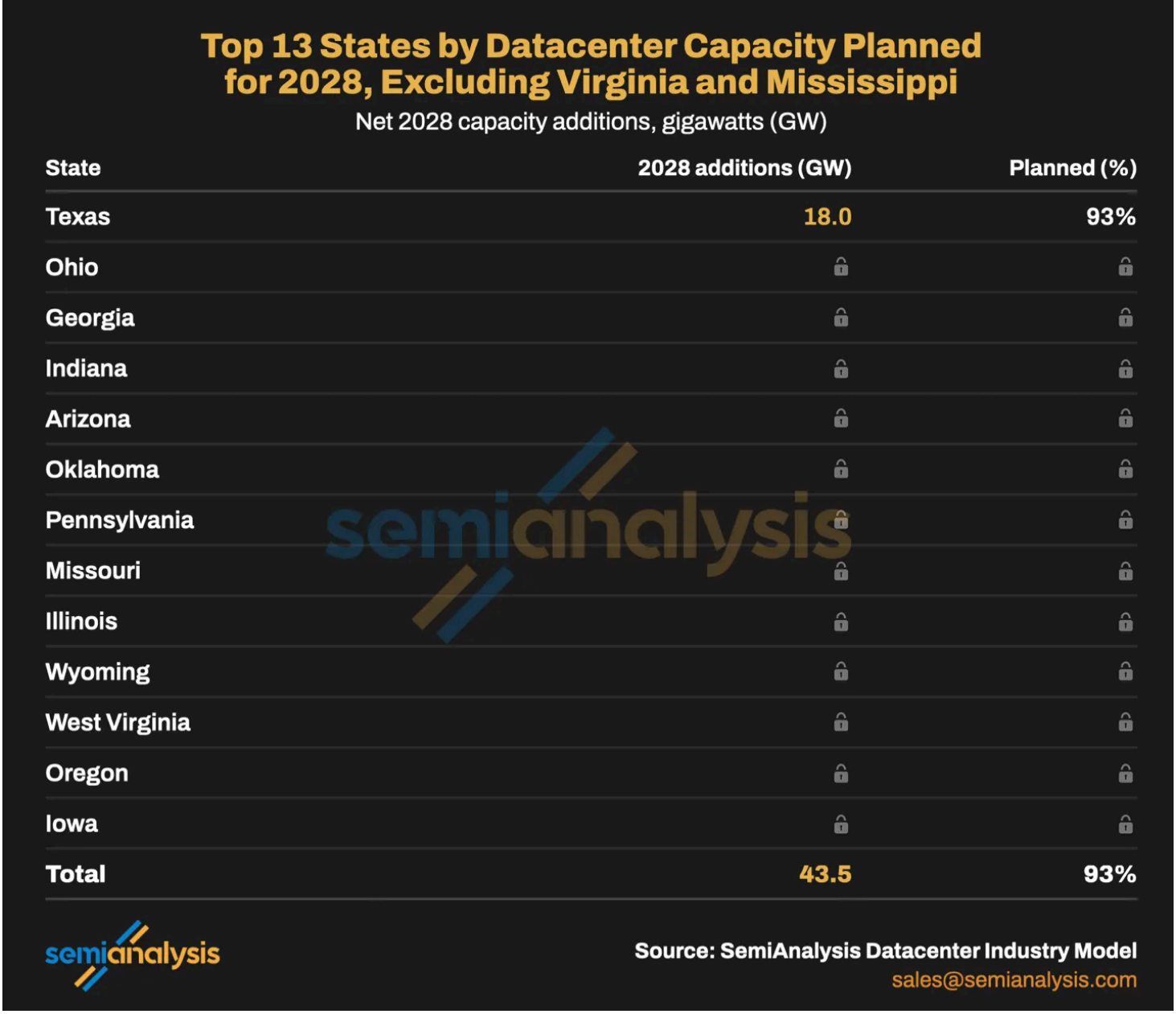
MAYA BARKIN, WAYNE MA, REYK KNUHTSEN, AND 2 OTHERS

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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.



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 Commission on Environmental Quality (TCEQ) permits on Sept. 21 on top of the interconnection-queue audit begun Aug. 3, bringing onsite power into the hold. Oregon expanded its earlier state-land freeze to air and water-discharge permits on Oct. 9, through July 1, 2027. And midterm candidates have campaigned on more

restrictive positions: nine of the 20 nominees want a pause on new construction and the other 11 want conditions, and the split is about even by party. Both parties want developers to accept stricter conditions. The main difference is 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.

Bi-Partisan Positions

Governor candidates in 10 of the 13 largest 2028 datacenter states

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.

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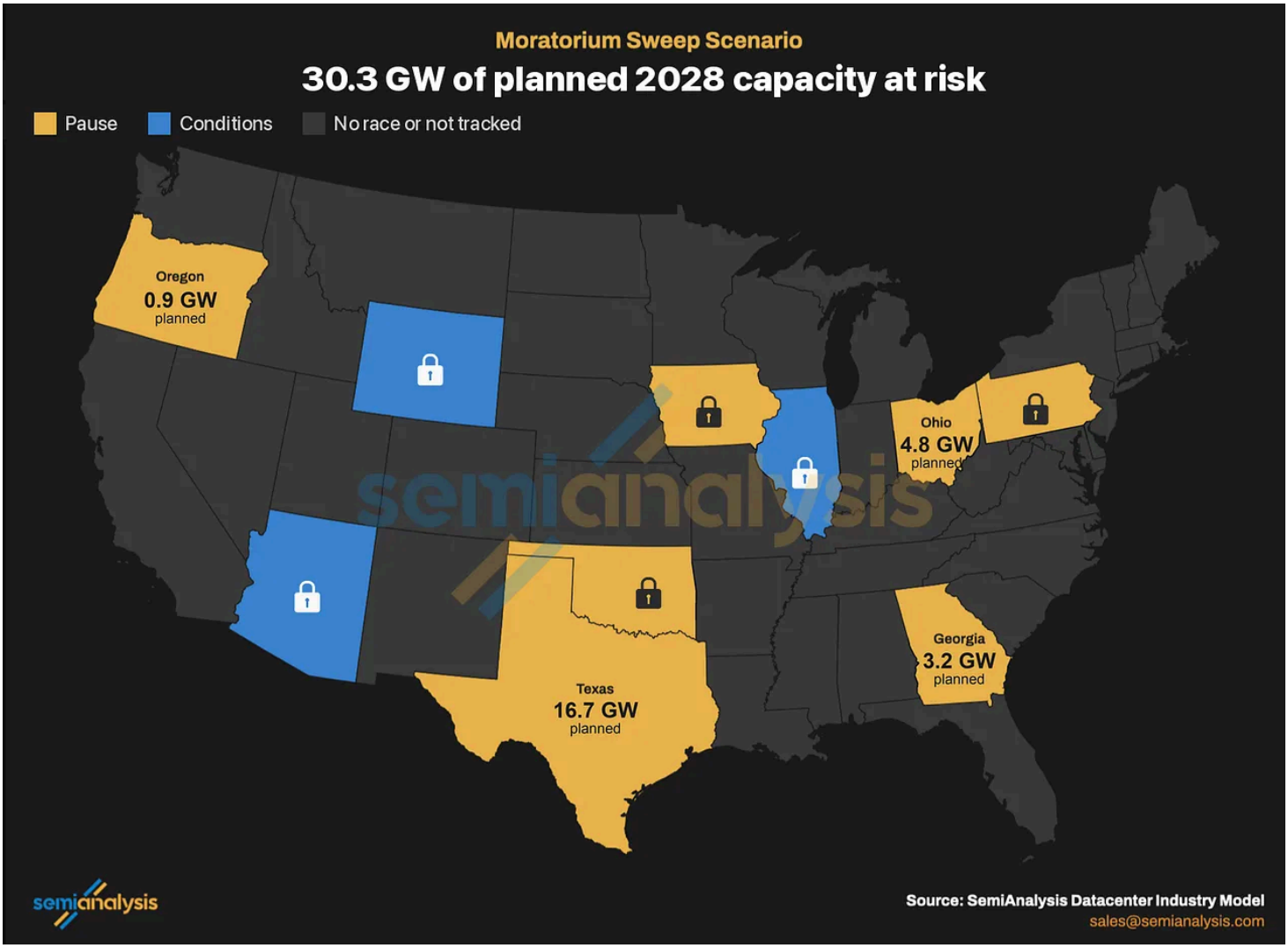
Source: SemiAnalysis Datacenter Industry Model

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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 datacenter pause won in every state where one is running, those states

would together contain roughly 30 GW of planned capacity scheduled for 2028. How much actually slips depends on the permits each project still needs and how long the pause lasts.



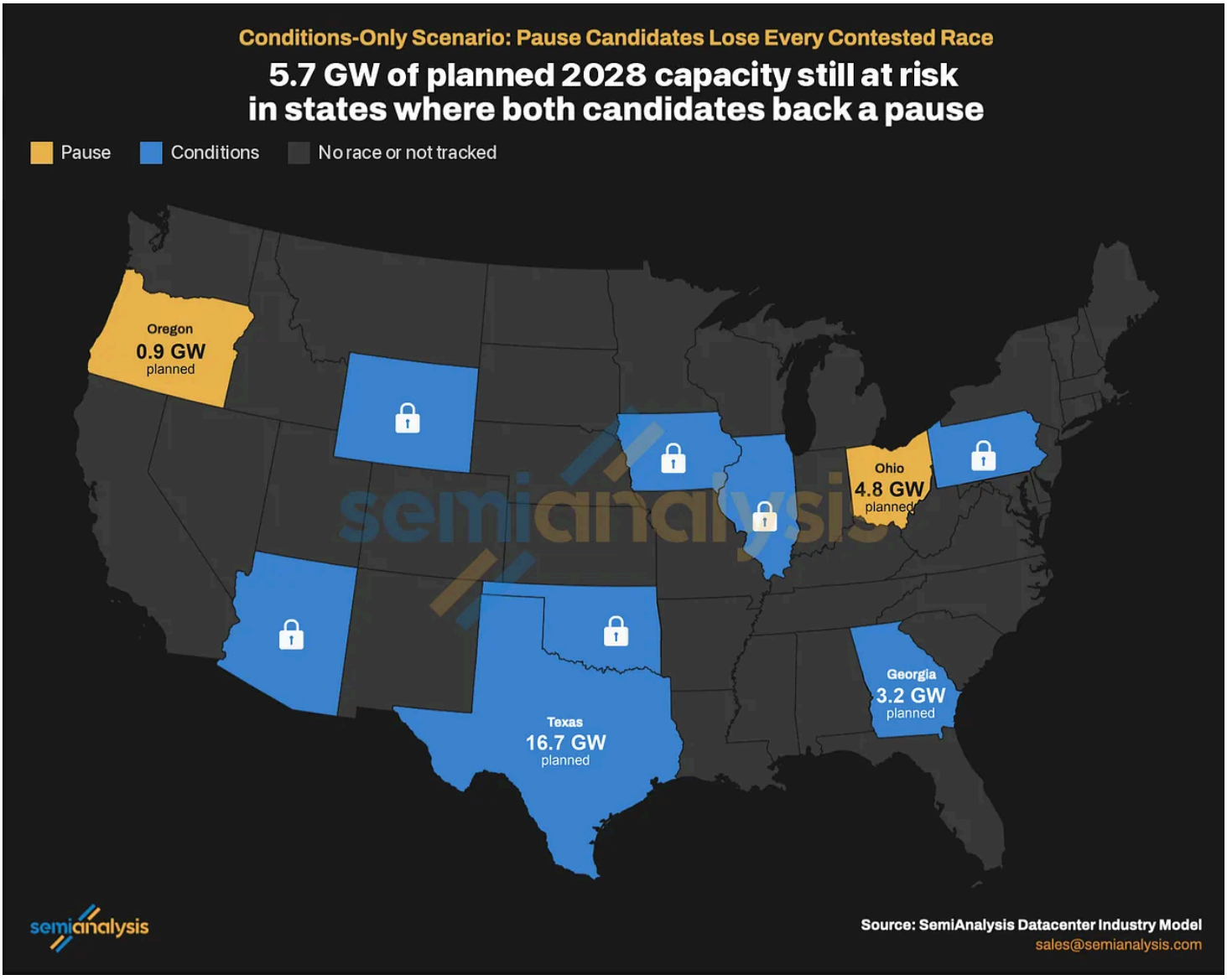
Source: [SemiAnalysis Datacenter Industry Model]

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]

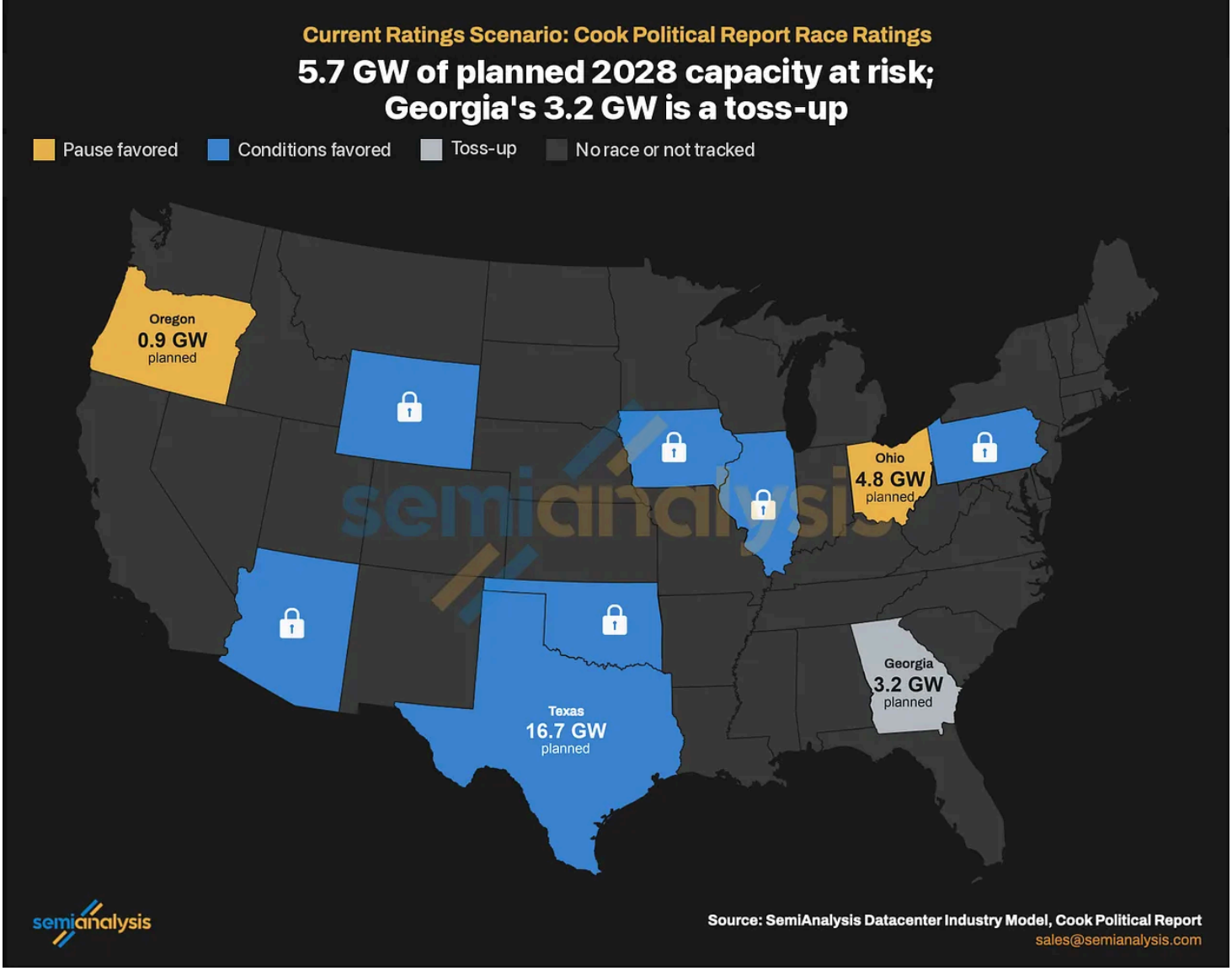
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If the less restrictive candidates win, that exposure falls to 5.7 GW, mainly because Ohio and Oregon have proponents of a pause on both sides. That is a much smaller pipeline to test for delays. It would still be a tougher development environment: fewer tax breaks, more upfront commitments and less room to leave infrastructure costs with the utility's other customers.



Source: SemiAnalysis Datacenter Industry Model

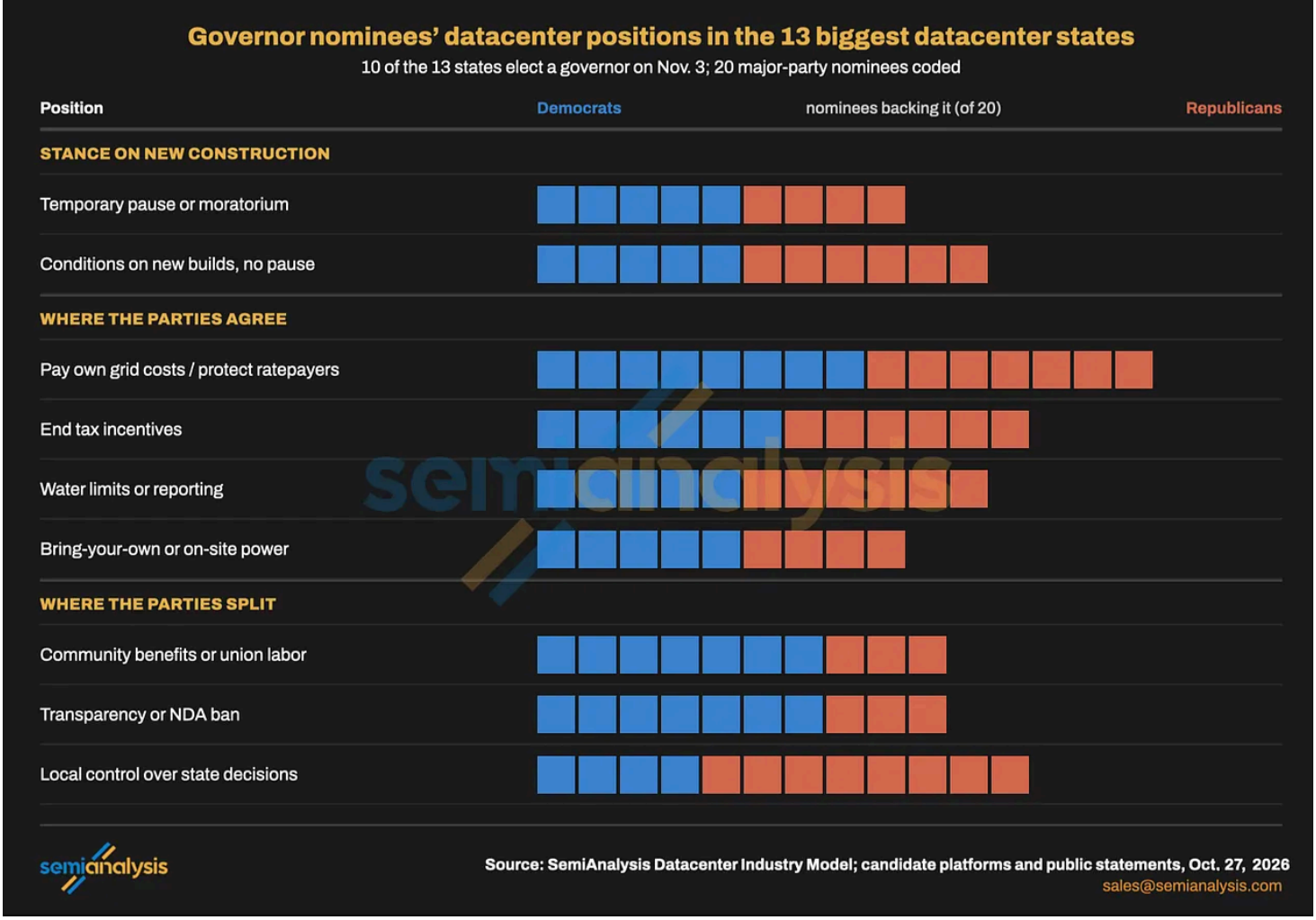
According to race ratings and available polling as of Oct. 30, from multiple sources (Cook Political Report, Multistate, and The New York Times), the conditions-only candidate is favored in Texas, Oklahoma, Pennsylvania, and Iowa, and Georgia is a toss-up. Here we take candidates' positions at face value. 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 governor's campaign platform is the start of that work. The permit, power phase and construction schedule tell us what happens to the megawatts.

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

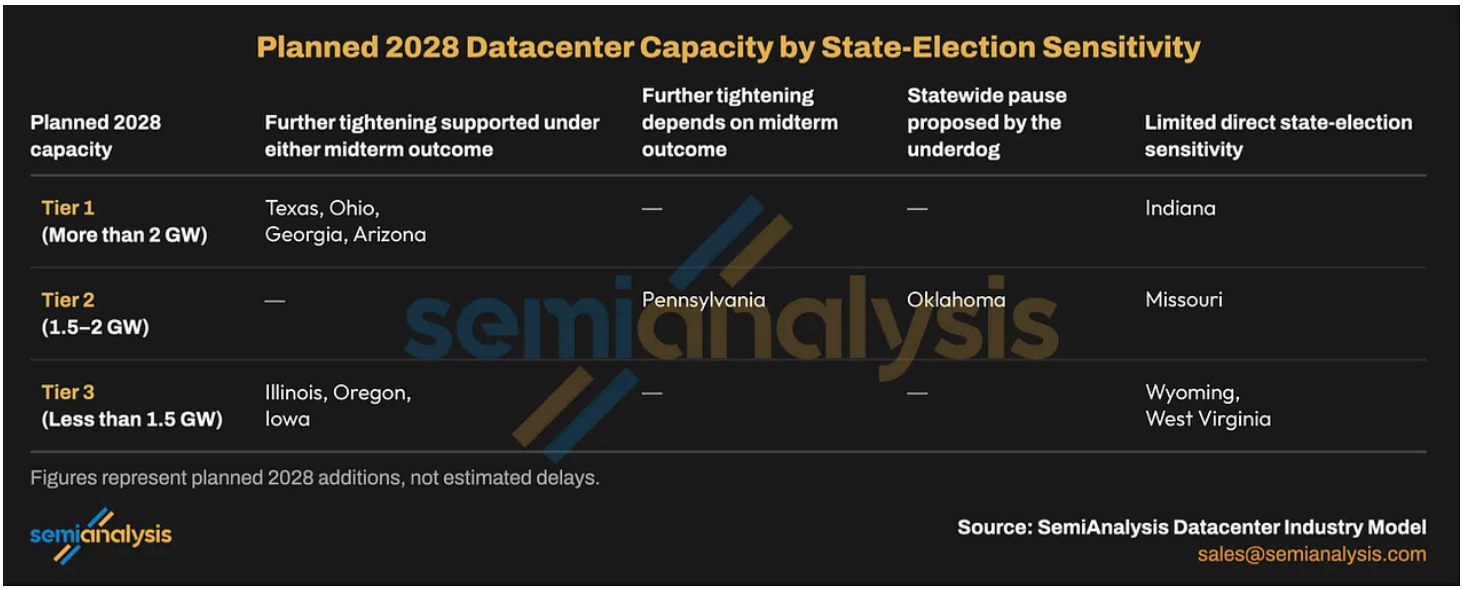
State and local authorities control many of the decisions that determine where and how quickly datacenters get built, including land use, permitting, and access to power. Federal policy also plays a role via its transmission rules, environmental permitting, infrastructure costs and oversight.

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.

Across the largest datacenter markets with state elections this November, we ask whether Nov. 3 can change the relevant decision-makers (governors, legislatures, and elected utility 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.

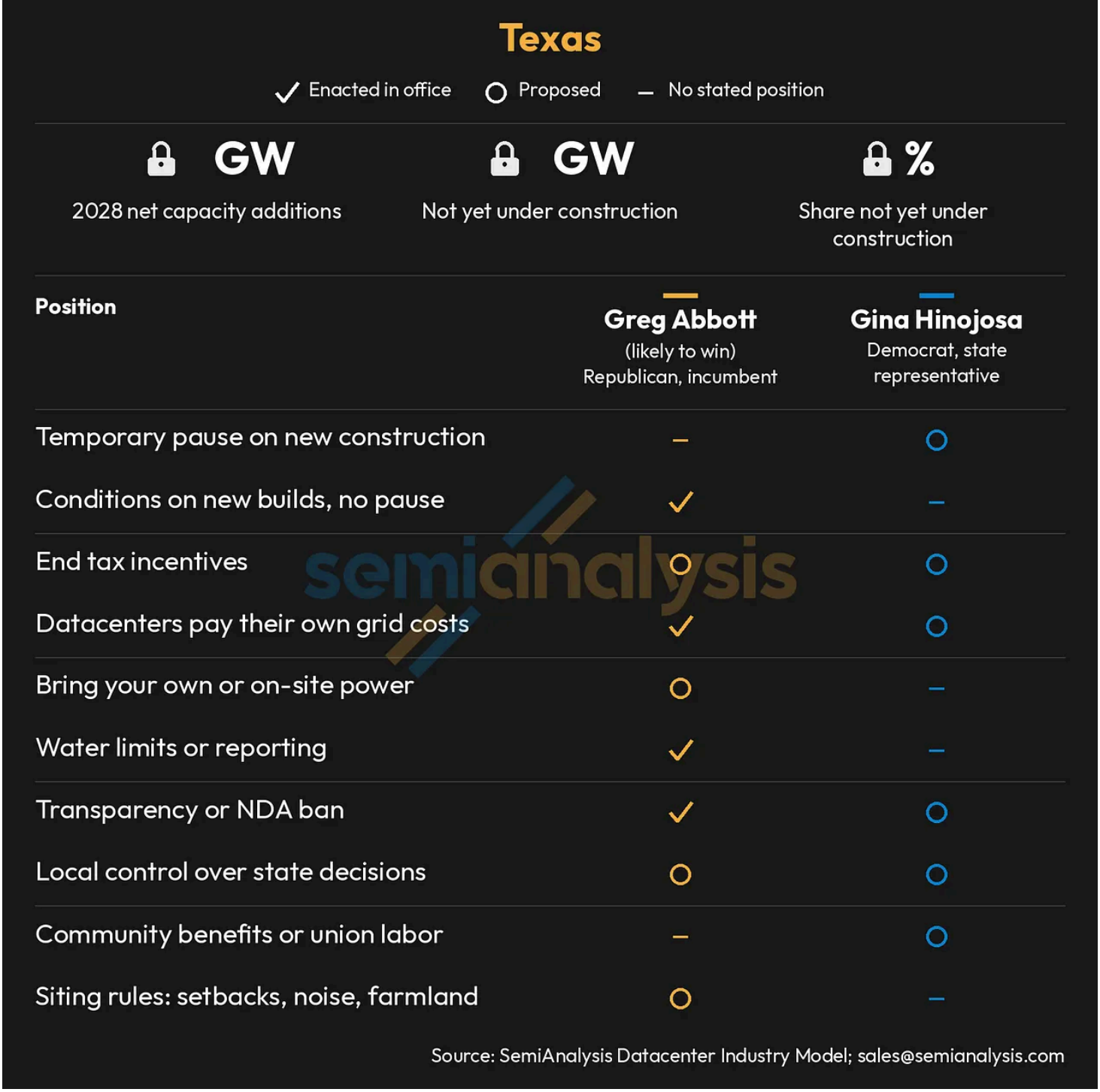
We're leaving out Indiana, Missouri, Wyoming, and West Virginia from these tiers. Indiana and Missouri have large Republican majorities and supportive governors

staying in office. Wyoming is likely to retain Republican control of both branches, while West Virginia's governor and dominant Republican legislature remain aligned on datacenter development

Tier 1: Large capacity, further restriction likely whoever wins

In Texas, Ohio, and Arizona, candidates on both sides are campaigning on tighter rules for datacenters. Georgia also has a close governor's race and a utility commission on the ballot. In Oklahoma, a bigger policy change could happen if the Democratic candidate wins, since she wants a statewide pause, while her opponent supports putting conditions on development.

Texas



Source: SemiAnalysis Datacenter Industry Model

Texas accounts for 41.3% (18 GW) of 2028 net capacity additions across the 13 states, making it the largest state to monitor. Much of the tightening is already in place. Gov. Greg Abbott (R), who is still favored for a fourth term (although the race has tightened), issued an Aug. 3 directive that stopped projects from advancing through ERCOT's interconnection process pending an audit. His Sept. 21 directive extended the pause to TCEQ permits sought by datacenter projects. ERCOT plans to publish its audit report by Dec. 10.

This builds on existing cost and reporting requirements. Abbott's June 10 directive told the Public Utility Commission of Texas (PUCT) to make datacenters fund the

electrical infrastructure needed to serve them. The PUCT has since adopted large-load interconnection standards under Senate Bill (SB) 6, requiring financial security of $50,000 per MW before a study and payment of direct interconnection costs under the final agreement.

In our Sept. 15 article on datacenter moratoriums, we had estimated that grid-dependent projects in Texas would face an administrative delay of about four months, whereas those relying on power generated on-site could continue with their work. The Sept. 21 TCEQ directive closed that escape route: Onsite generation still needs environmental approvals. Site preparation and some building-shell work may proceed but covered generating equipment and its foundations can't be built without the required air authorization. Missing stormwater authorization blocks land-disturbing work from starting even earlier than air permits.

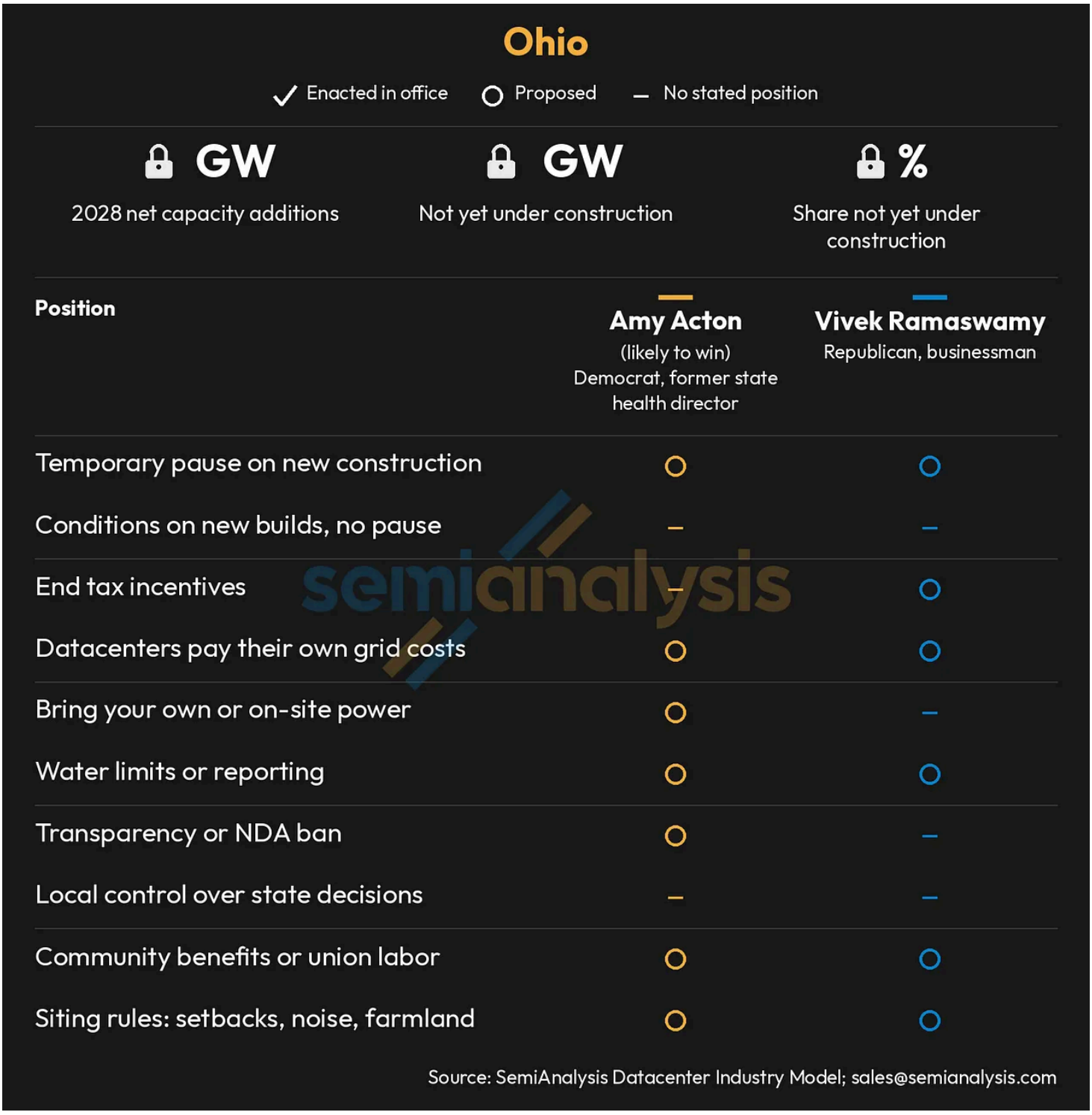
The Vantage Frontier campus is already under construction, yet VoltaGrid's major air-permit application for its ABI-1 power plant remains pending. Initial generation is separately authorized, so the exposed work is the additional capacity that needs approval. Google/Crusoe's Goodnight campus is also being built while its major generation application remains pending. The buildings can rise while the next power phase still needs permission. If the hold lasts longer than the power phase's schedule buffer, the servers can arrive before the electricity needed to run them.

Both Abbott and Hinojosa are calling for stricter rules than what is currently in place. Abbott wants the 2027 legislature to end datacenter incentives, set cost protections in law, require projects to add electricity supply, strengthen water-efficiency requirements, and make setback and noise rules stronger. Hinojosa's campaign is calling for a pause that lasts until lawmakers pass protections, not just until an audit is done. Her platform calls for ending subsidies, banning NDAs, giving communities a voice, protecting household electricity and water bills, and requiring union labor.

The election will therefore likely influence the duration and the conditions under which restrictions remain in place, rather than deciding whether Texas will have them. Should Abbott win, approvals might be reopened following the audit but with more stringent requirements. However, if Hinojosa's proposal is adopted, permission could stay suspended as lawmakers work out a new framework during spring 2027 and possibly beyond if the reopening has to wait until the law comes into effect.

Our forecast test remains the one used in the moratorium article: which project or phase still needs the relevant approval and does the hold extend beyond its schedule buffer? The 16.7 GW of planned capacity in Texas is exposed to policy changes, not an estimate of delayed capacity. A December restart would not, by itself, justify cutting the entire 2027–2028 pipeline. A longer or broader hold would require a fresh project-level assessment.

Ohio



Source: SemiAnalysis Datacenter Industry Model

Ohio is expected to add 5.1 GW of new capacity in 2028, most of which hasn't started construction. The state is set to become AWS's largest outside of Virginia by 2028 and Meta's largest anywhere, counting leased as well as self-built capacity, according to our Datacenter Model.

Ohio currently has a sales-tax exemption program for datacenters, rewritten in 2013 before the AI boom. State tax officials had estimated it would cost $136 million in 2025, but with the AI boom, it ended up costing the state $555 million in 2024 and about $1.6 billion in 2025. As a result, the exemption has become an election issue, and it's why the outgoing governor, Mike DeWine (R), paused new exemption approvals in May.

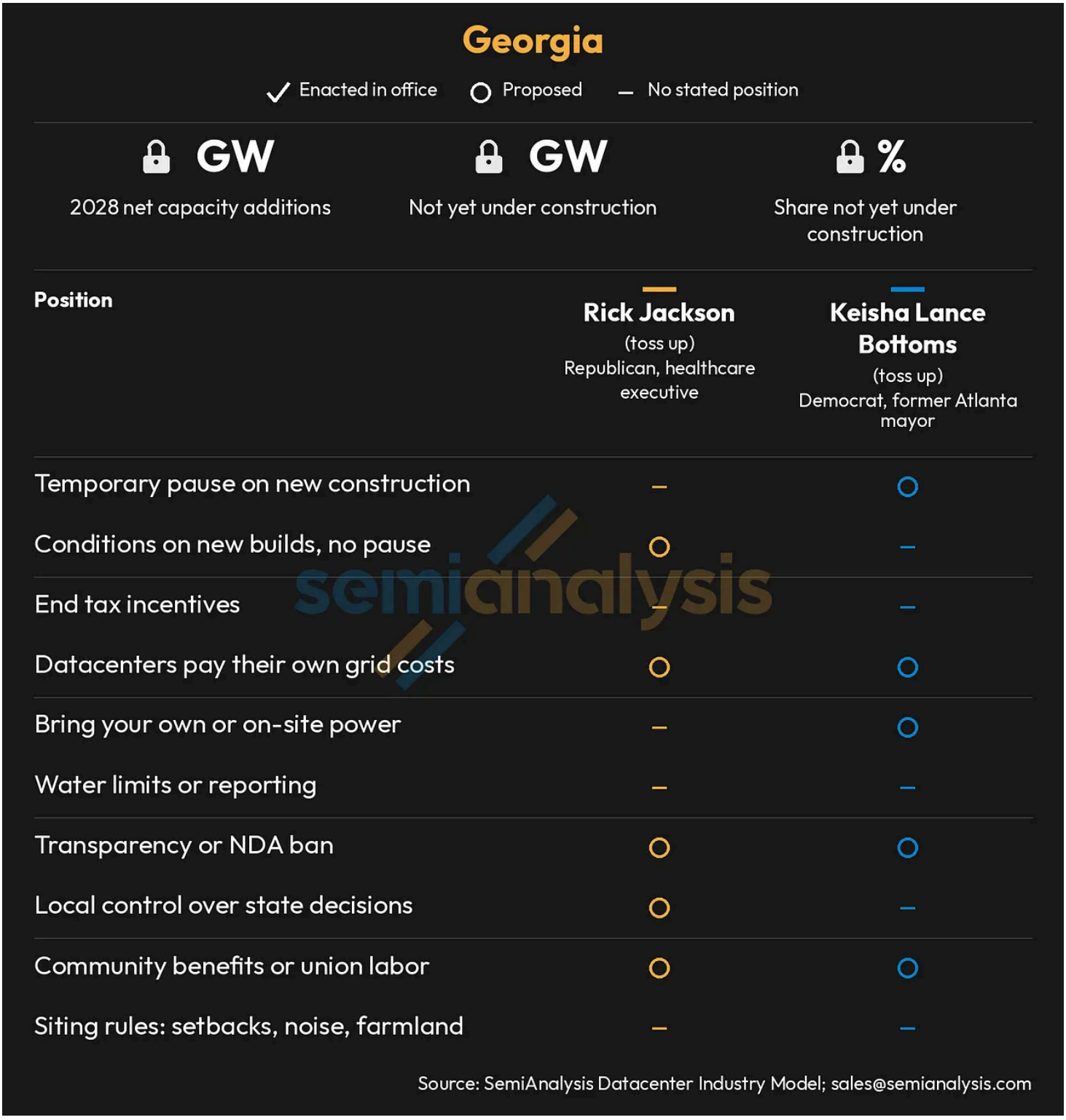
Amy Acton (D), who is likely to beat Vivek Ramaswamy (R), supports a conditional moratorium on new datacenters but doesn't oppose them, as they bring in jobs. She wants datacenter developers to pay all costs for gas, water and electricity, but she wants to reduce rather than eliminate incentives. She also wants an end to NDAs and stricter rules on where datacenters are built.

Ramaswamy is also advocating for an executive order to be issued on the first day of office that would stop all new approvals until legislation has been passed. The three conditions he has set are that residents in a defined benefit area should have access to free electricity, that datacenters should make full property-tax payments, and that there must be strict compliance with air and water regulations. While both candidates thus support a conditional delay, they differ as to the benefits that developers must offer before projects can go ahead.

Ohio laws normally take effect 90 days after the governor signs them, and a bill must pass within the legislature's two-year session or die. While Ramaswamy has set the goal of legislation coming into effect, Acton's proposal is based on developers fulfilling her conditions. The difference matters: A single qualifying project could move forward under the conditional arrangement, whereas a general approval delay might cause the whole group of affected projects to have to wait for a political agreement.

Should Acton win, she will inherit DeWine's freeze on applications for new tax exemptions and take on a substantial number of projects that need to find a way forward.

Georgia



Source: SemiAnalysis Datacenter Industry Model

Georgia is a state where the election outcome, and its impact on datacenter buildouts, isn't entirely certain, with current polls showing a toss-up between Keisha Lance Bottoms (D) and Rick Jackson (R). The key difference is how far each side's proposed restrictions would go. The outcome could therefore affect the scale and pace of the state's buildout.

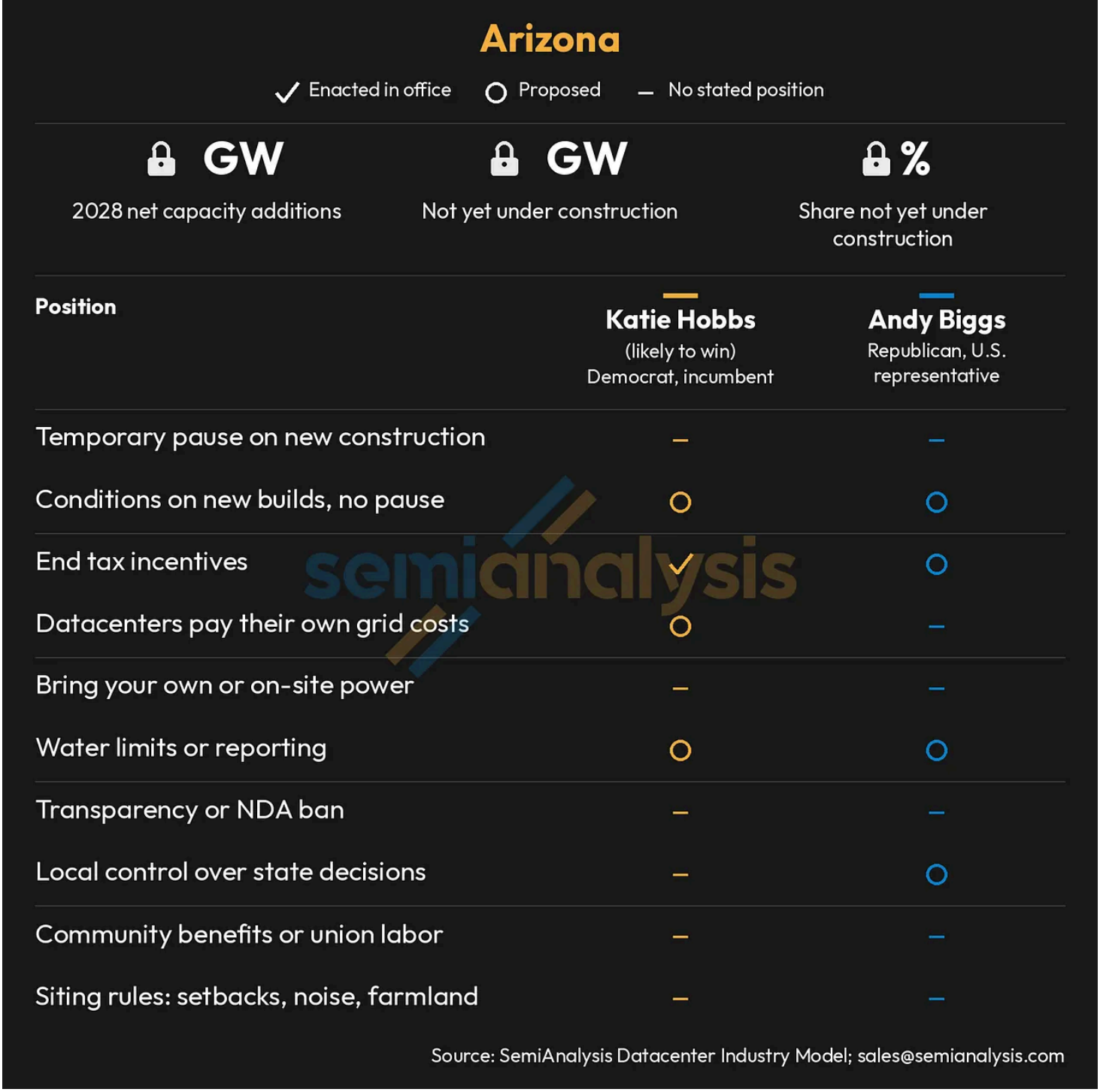
Bottoms is pushing for a pause on new construction, though she hasn't fleshed out the details of what would be enacted. She has emphasized that residents shouldn't see higher utility bills or lose access to water. She hasn't set a fixed end date or explained which existing projects would be exempt.

Jackson, meanwhile, is for datacenters but with conditions. He was a datacenter developer himself until recently, listing himself as CEO and president of a developer in state financial filings. His published conditions include local-government and community support, written community-benefit agreements, full payment for water, power and transmission infrastructure, greater deal transparency and raising environmental approval standards. He supports greater transparency in development agreements, although his published platform doesn't spell out an NDA ban.

OpenAI's Project Camellia turns that risk into a real possibility: It involves a campus in Effingham County with a 3.2 GW power commitment to be implemented from 2028 to 2032. A broad construction pause might hit its remaining approvals. But Camellia already addresses much of what Bottoms says she wants. Georgia Power has stated that OpenAI will pay for the infrastructure required to serve it and will provide up to 1 GW of curtailment. The project also promises to use closed-loop cooling. This enables it to make a strong argument for moving forward within a framework that is centered on household bills and water. The issue that remains is whether Bottoms would allow compliant projects to go ahead or instead impose a general halt first. A brief pause in 2027 might occur before Camellia needs the relevant approval, but a longer suspension could still delay the construction schedule.

Two of the five Public Service Commission seats are also on the November ballot, putting its current 3–2 Republican majority at stake. Democrat Peter Hubbard faces Republican Fitz Johnson in District 3, while Democrat Shelia Edwards and Republican Josh Tolbert are running for the open District 5 seat. Democrats must win both seats to take a 3–2 majority. The PSC separately controls Georgia Power's tariffs and reviews large-load contracts, so the governor's race isn't the only route through which the election can change project economics.

Arizona



Source: [SemiAnalysis Datacenter Industry Model]

Arizona is currently Microsoft's largest state for datacenters after Virginia and is expected to add 2.6 GW of capacity in 2028, 91% of it not yet under construction. Incumbent Katie Hobbs (D) is expected to win Arizona by a comfortable margin and already enacted a three-year freeze on new datacenter sales-tax exemption applications in June, leaving existing exemptions in place. Her opponent, Andy Biggs (R), also supports ending incentives and tightening resource-use rules, making this a more bipartisan issue in the state.

Hobbs is against a statewide moratorium but wants to end the tax credits permanently and have datacenter developers pay for water, which is a major issue in the state

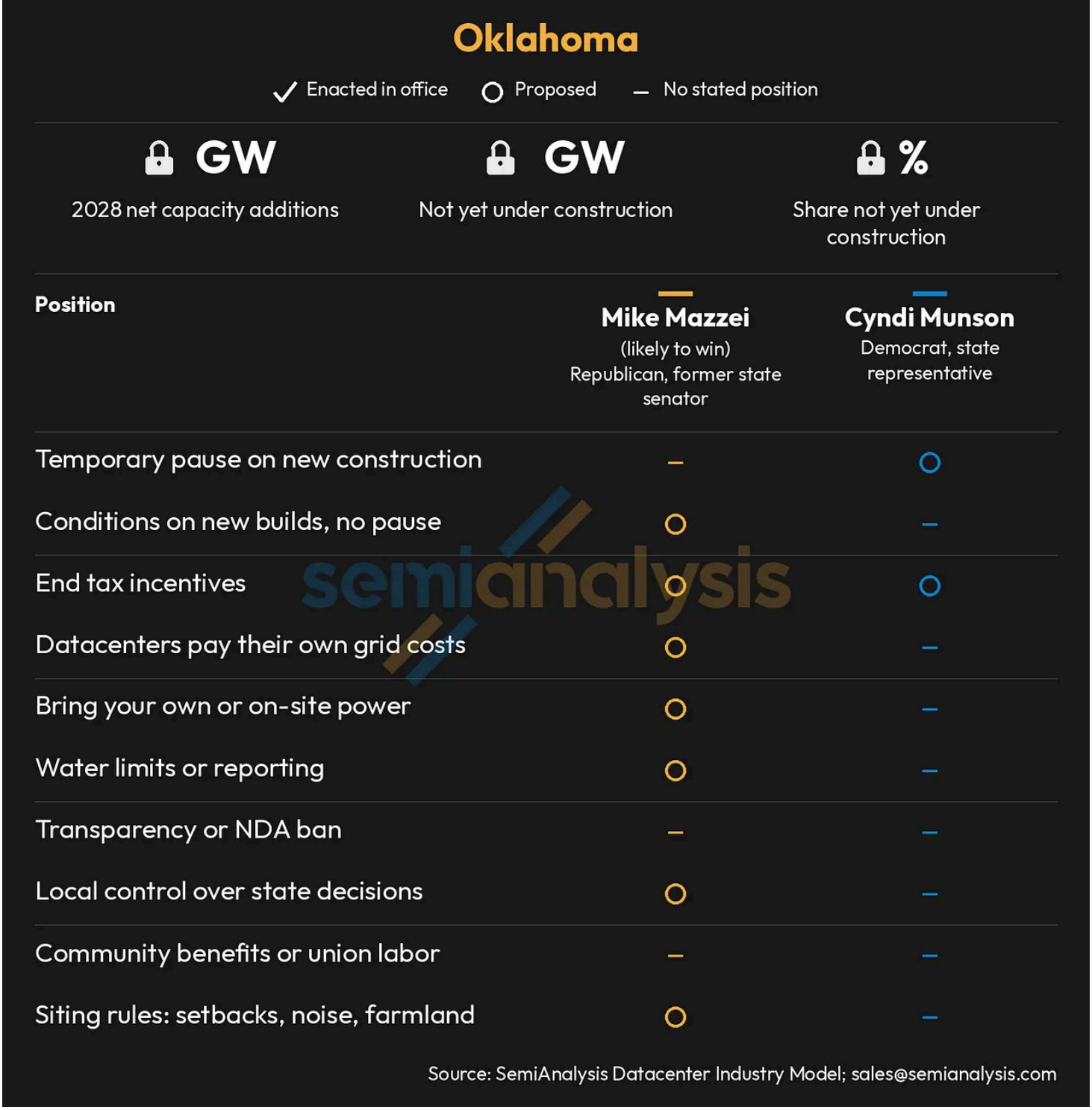
because of the resource's relative scarcity.

Biggs also rejects a statewide datacenter moratorium, but wants to end datacenter tax incentives permanently and proposes new standards to protect water and energy supplies. He also argues that cities and counties should have the final say on whether to welcome a project.

Tier 2: Meaningful capacity, with additional restrictions dependent on election outcomes

In Pennsylvania, a Democratic Senate majority with a retained House majority and the re-election of its Democratic governor would make it easier to put his requirements into law or expand them. A Republican upset in the state offers an alternative route to a pause.

Oklahoma



Source: [SemiAnalysis Datacenter Industry Model]

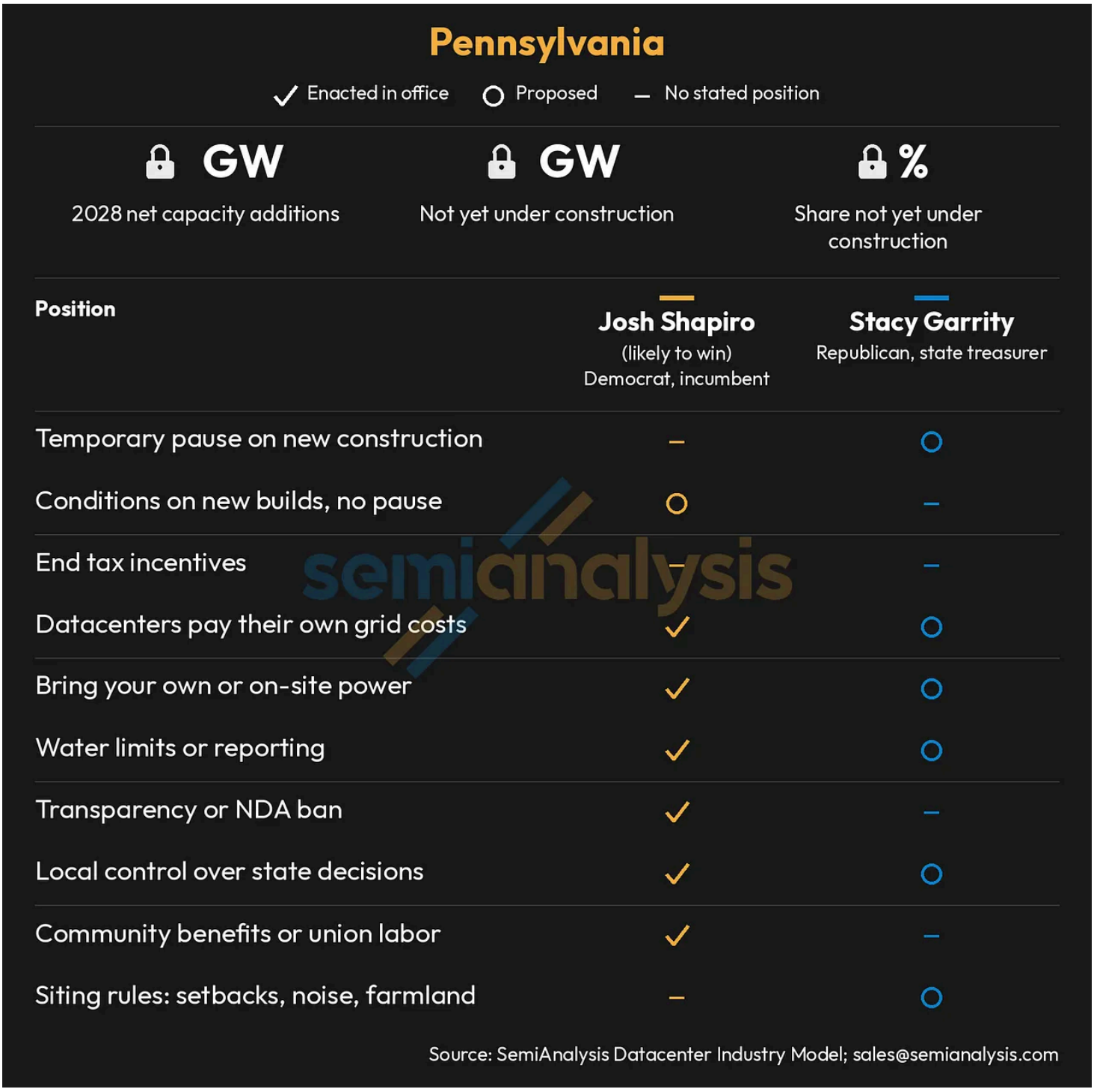
Oklahoma is expected to add 2.1 GW of total new capacity in 2028, 94% of which hasn't started construction, making it almost entirely a 2028 story.

Race ratings favor Mike Mazzei (R) to win the state. He is open to datacenters and opposes a pause but wants developers to pay their own way.

Cyndi Munson (D), on the other hand, proposes a day-one moratorium and would end corporate giveaways. Oklahoma's regular session runs from Feb. 1 to May 28, 2027 — a possible window for writing new rules, but not a confirmed end date for her proposed pause.

The governor's reach is narrow either way. Rates for large loads served by commission-regulated utilities are set by the elected, Republican-held Corporation Commission, and the legislature writes the incentives.

Pennsylvania



Source: SemiAnalysis Datacenter Industry Model

In Pennsylvania, incumbent Gov. Josh Shapiro (D) is expected to win by a comfortable margin. The state is a from-nothing market in our model, adding 3.3 GW between 2026 and 2028 on a base of under half a gigawatt today. AWS is the main builder: It accounts for nearly 44% of the 2.4 GW of total 2028 additions, including the campus it is

building for Anthropic next to the Susquehanna nuclear plant. The rest is neoclouds and converted crypto-mining sites.

Shapiro has aggressively attached conditions to datacenter development but has stopped short of calling for a moratorium, and HB 2650 has not become law. The election risk is whether these conditions become more durable or are supplemented by new restrictions.

His Aug. 18 executive order replaced the earlier voluntary Governor's Responsible Infrastructure Development (GRID) initiative that offered state support to developers that met its standards, with a permitting process for new applications for projects over 25 MW. Developers who agree to a binding consent order can have their permits examined as they are submitted, but the Department of Environmental Protection (DEP) won't be able to grant them until the necessary local approvals have been obtained.

The GRID commitments include obligations relating to power supply and full infrastructure costs, water conservation and reporting, community-benefit agreements and transparency. However, developers who refuse a consent order have to go through a more restrictive procedure: the DEP will wait for the local approvals and the relevant water permissions before starting the review, and all the required permits must be ready before any of them can be issued.

The order also removes datacenters from the PA Permit Fast Track program. Signing a GRID consent order keeps rolling review in the new DEP process, but it doesn't bring back access to the fast-track program.

As such, the election matters for what gets added to this framework. House Bill (HB) 2650, the GRID bill, already passed the House 134–68 in June. Democrats need a net gain of three Senate seats for an outright majority, while retaining the House and re-electing Shapiro.

We think unified Democratic control would make it easier to pass legislation like HB 2650, which would make GRID's requirements more lasting and could tighten tax benefits. If government stays divided, a bipartisan deal would be needed, but the House vote shows that kind of support is possible.

A lower-probability Stacy Garrity (R) win presents a different risk: She supports a temporary pause while municipalities update their rules and favors brownfield or

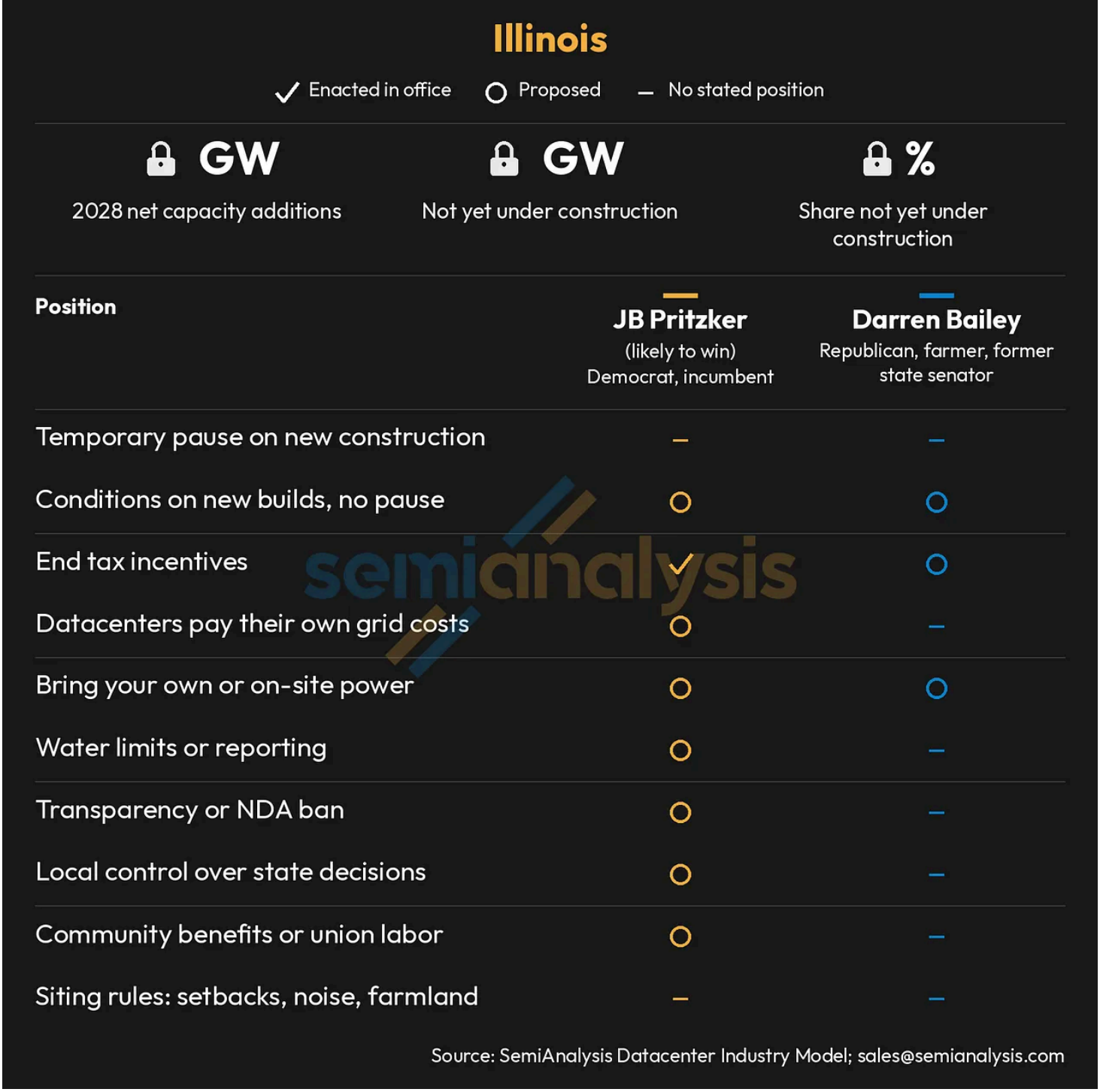
industrial sites located away from residential areas.

Looking ahead to 2028, about 1.8 GW of Pennsylvania's 2.4 GW of 2028 additions has not started construction. The key question is whether each project has the needed local approvals, DEP permits and power deals under the current process, and whether new laws or a pause would change that timeline.

Tier 3: Smaller capacity exposure, further restrictions likely under either outcome

Illinois, Oregon, and Iowa have smaller planned pipelines, but candidates from both parties want tougher rules. In Oregon, both candidates support a moratorium. In Illinois, the main issues are incentives and energy costs. In Iowa, the candidates disagree on whether stronger safeguards should also mean a pause.

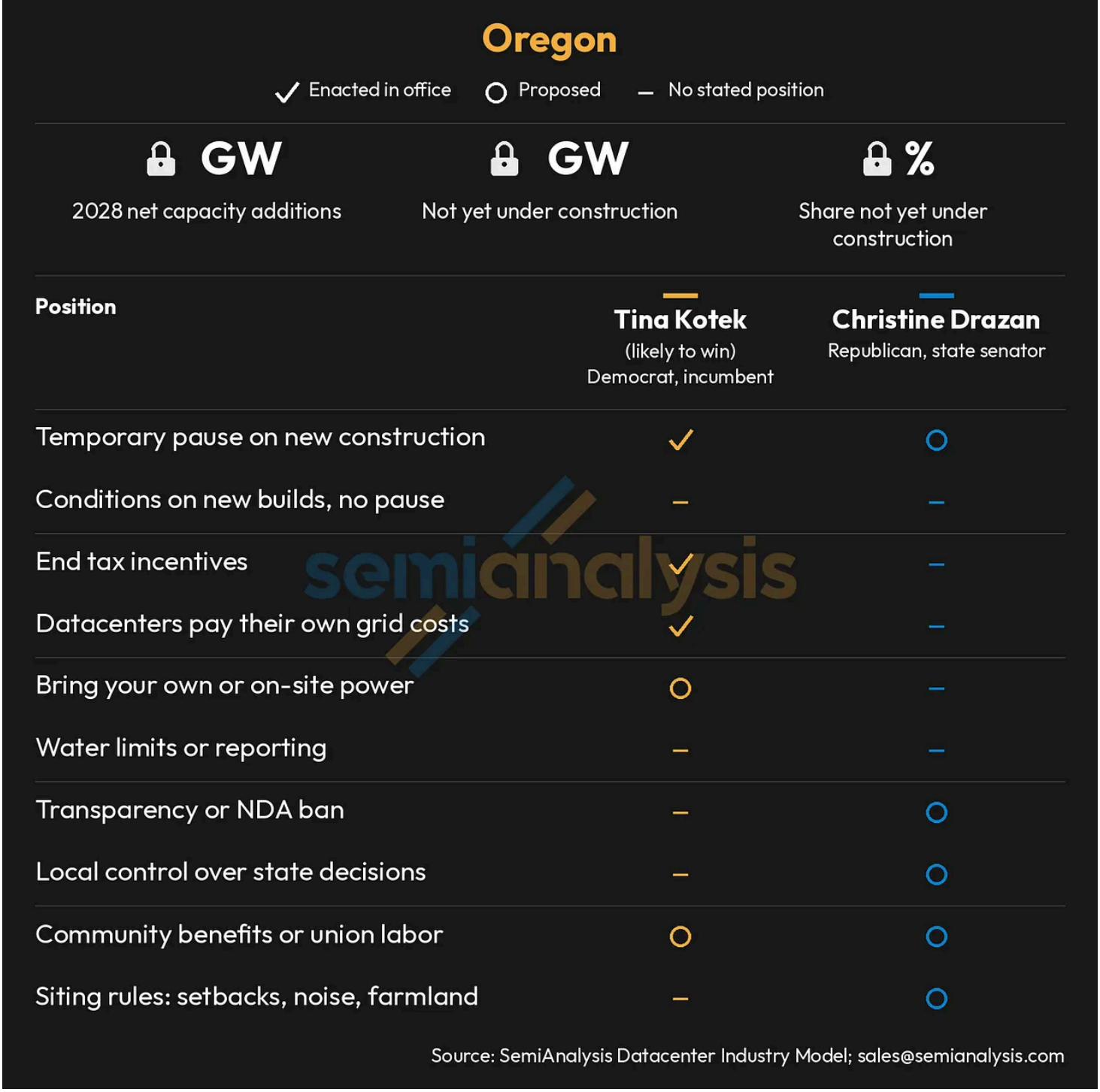
Illinois



Source: SemiAnalysis Datacenter Industry Model

Illinois is a safe Democratic seat, with incumbent Gov. J.B. Pritzker (D) leading by a wide margin. He is among the governors who have already acted. Although he has stopped short of a moratorium, his June directive stopped processing new sales-tax exemption agreements from July 1, and he has asked lawmakers to make datacenters pay the full cost of their energy and water. Pritzker's opponent, Darren Bailey (R), also wants to pause tax credits for datacenters, including existing ones and agrees that datacenters should bring their own energy.

Oregon

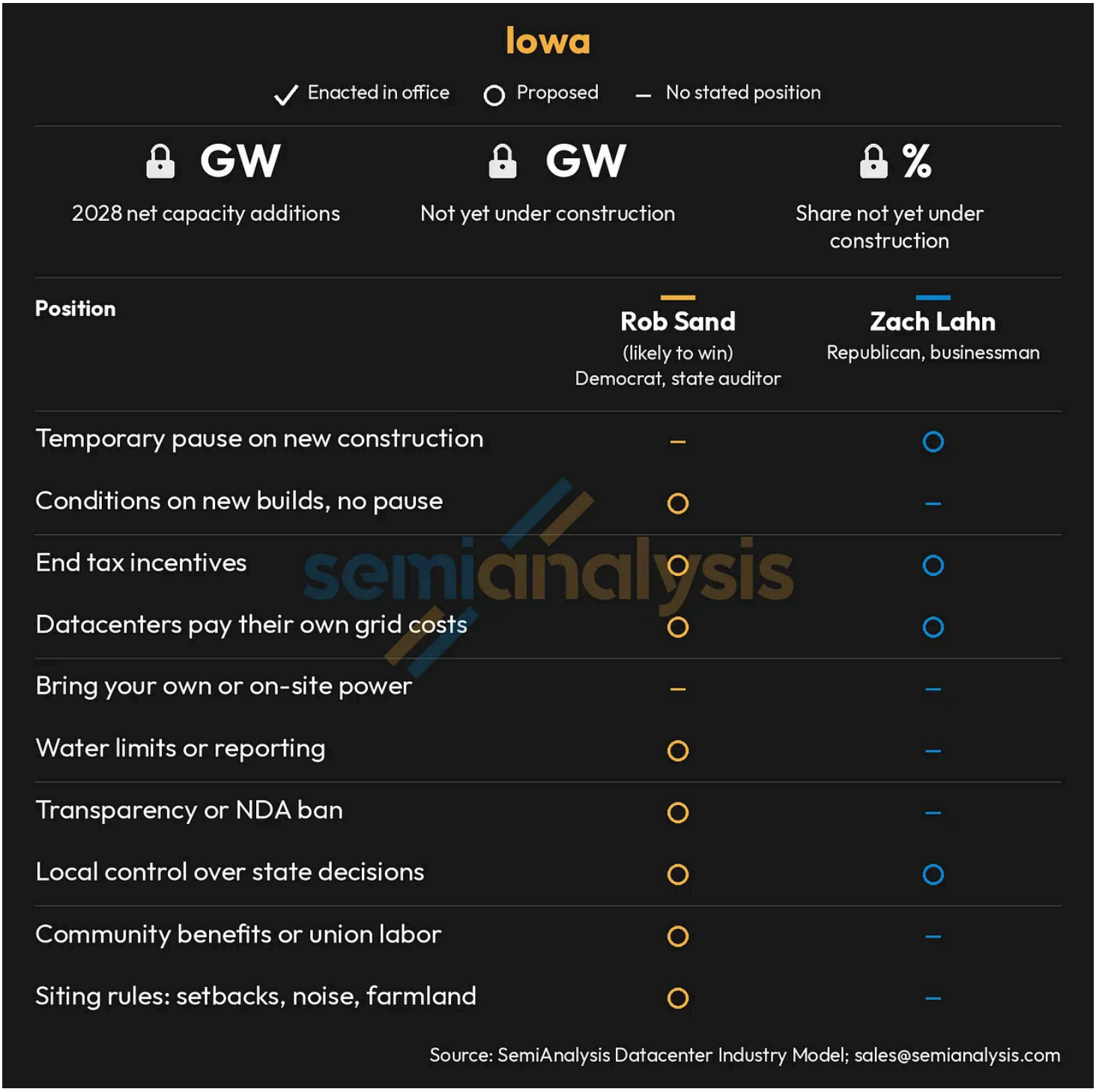


Source: SemiAnalysis Datacenter Industry Model

The gubernatorial race in Oregon is leaning toward Tina Kotek (D), but both she and her opponent Christine Drazan (R) have already called for statewide moratoriums.

Kotek has now gone beyond making campaign pledges; after suspending state land deals in September, her Oct. 9 directive put on hold the processing and awarding of certain air and water-discharge permits for new or expanded datacenters until July 1, 2027. When the hold ends, applications may still have technical review to complete. July 1 is not a promise that permits arrive the following day. Drazan also wants farmland protection, fewer NDAs and more local control. The delivery risk is the permit a project still needs, and whether it needs it before the hold ends.

Iowa



Source: SemiAnalysis Datacenter Industry Model

Cheap power, cheap land and favorable taxes made Iowa home to one of Google's largest datacenter campuses in Council Bluffs on the western side of the state. Rob Sand (D), who is likely to win, wants stricter conditions on datacenter builds but has stopped short of calling for a pause, while Zach Lahn (R) supports a moratorium of undetermined length. Both would end datacenter incentives and make them pay their own costs.

Federal level

Democratic control of the House and Senate would not, by itself, imply a sharp slowdown in datacenter development. Trump will still have the power of the presidential veto until January 2029, while a narrow Democratic Senate majority would still need Republican support to advance most legislation under existing rules. A federal construction moratorium would still face substantial obstacles. It's more likely instead that there will be more intense congressional oversight and a reduced willingness to pass federal legislation that overrides state and local restrictions.

The most straightforward legislative option is to require large electricity users to pay for the grid costs they cause. Both parties agree on this idea, and Trump supports making datacenters pay for their own power needs. The dispute is how much developers must fund upfront and how firmly households are protected if the projected demand never arrives.

The bill that is most important to watch is S. 5653, the Bipartisan American Affordability and Jobs Act of 2026, since it includes reforms to the permitting process together with rules requiring datacenters to pay for their transmission costs. The main period for legislative activity will be the lame-duck session following the election, before the 120th Congress begins in January. This means significant federal action could happen before any change in congressional control.

We expect that stronger cost-allocation rules would mostly affect project economics and financing, not significantly reduce national capacity additions. Depending on how the rules are put in place, developers might have to pay more upfront or provide more collateral. These costs could delay some projects, but they wouldn't prohibit development. The bill's permitting reforms could also help speed up the infrastructure needed for new demand.

The election can make the buildout more expensive without stopping the boom. The harder problem is a rule that blocks an identified project's next step for longer than its schedule can absorb. That is what would make us cut capacity from a delivery year. We will keep following the approvals, power plants and construction progress that turn campaign promises into an actual change in supply.

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