

Data Centers, Public Trust, and Hillsboro's Next Chapter of Growth

A Policy Framework for Responsible Digital Infrastructure in Hillsboro

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Note: This document reflects my personal perspective as one member of the Hillsboro City Council. It is intended to support understanding, policy discussion, and responsible evaluation of data center growth in Hillsboro. It does not represent a formal position of the full City Council or the City of Hillsboro.

Data centers are important digital infrastructure. They support the digital services, cloud systems, advanced manufacturing, health records, financial transactions, artificial intelligence tools, and communications platforms that people and businesses rely on every day.

Hillsboro has played a major role in Oregon's technology economy for decades. That growth has brought investment, jobs, construction activity, and broader economic development benefits to our region. At the same time, the scale and pace of modern data center development raise legitimate community questions about land use, energy demand, water use, tax incentives, infrastructure costs, environmental impacts, and long-term public benefit.

From my perspective as one councilor, I believe Hillsboro should plan for this growth responsibly, transparently, and in a way that protects quality of life, strengthens public trust, supports infrastructure resilience, and ensures residents share in the long-term value created by these investments. We are entering into a new phase of the digital age and society will continue relying on digital infrastructure.

City staff's June 2026 work session presentation suggests the core policy question is not whether Hillsboro should recognize data centers as important digital infrastructure. The more specific question is whether the City's current land use standards, infrastructure planning, transparency practices, and Enterprise Zone public-benefit requirements are calibrated for the current scale, concentration, and long-term impacts of data center development.

Innovation has long been part of Hillsboro's heartbeat. My goal is to make sure that growth is planned responsibly, communicated clearly, and structured to deliver lasting value for the whole community.

Why This Conversation Matters Now

The data center conversation has changed. Across Oregon and the country, communities are taking a closer look at how large-scale digital infrastructure affects utility systems, industrial land, public incentives, water resources, environmental conditions, housing and employment patterns, and long-term fiscal planning. Recent trends include multistory facilities, reuse of existing buildings, greenfield development, pairing with energy infrastructure, changing facility demands, and land price escalation.

Hillsboro is at the center of this conversation. As of June 2026, the city reports 21 data center sites that are constructed, in permitting, or under construction, including 16 constructed sites on 346 acres and five sites in permitting or under construction on 124 acres. City staff also reports that these sites total

approximately 470 gross acres, represent about 8% of the North Hillsboro Industrial Area, and range from 3.5 to 91 acres. The city also reports additional known potential data center sites that have not yet submitted permits.

The Enterprise Zone issue has also increased public concern. Hillsboro received 17 Enterprise Zone applications for data centers after HB 4084 passed in March 2026 and before the state moratorium took effect on June 6, 2026. Those applications span eight companies and 11 sites, including both existing data center facilities and sites purchased for future data center use.

It is important to be clear about legal constraints. The City states that staff must process Enterprise Zone applications under the state law and local policy in place at the time of application, and that staff do not have discretion to deny applications that meet the applicable standards. That means some community frustrations may involve policy choices made years ago, state law requirements, or applications that cannot be retroactively changed by Council.

Still, there are important policy questions Council can and should evaluate going forward:

- *How should Hillsboro update its local Enterprise Zone policy before future renewal?*
- *How should data center development be addressed through land use planning, code and zone updates, infrastructure, design, and public notice standards?*
- *How should the city measure community benefit and long-term public value?*
- *How should residents receive clear, accessible information before concern turns into distrust?*

The timing is also important because Governor Tina Kotek has convened a statewide Data Center Advisory Committee to recommend policy actions addressing economic development, utility costs, infrastructure upgrades, water resources, environmental impacts, and responsible siting. The committee’s report is due no later than October 2026 (Office of Governor Tina Kotek, 2026).

Hillsboro should be prepared to participate constructively and help shape this conversation.

Recommended Framework for Responsible Growth

The recommendations below are intended to connect community concerns with practical policy tools the City can evaluate. Some actions may be available locally, while others may require legal review, staff analysis, state coordination, or future Council direction.

Recommendation	Concern Addressed	Intended Outcome	Clarification needed
1. Create a public data center transparency dashboard	Residents do not have one clear place to access information on data center sites, incentives, water use, fees, and public commitments.	Improves transparency, reduces confusion, and makes public information easier to access.	What information can be reported publicly, how often it can be updated, and what data may be confidential.

2. Require a public return-on-investment and infrastructure impact review for future incentives	Residents want to know whether tax incentives produce enough public value compared with fiscal, utility, and infrastructure impacts.	Helps evaluate tax revenue, community benefit, jobs, infrastructure costs, and cost recovery before future policy decisions.	What review can be required under state law and what information staff, utilities, and applicants can provide.
3. Make Community Service Fees clear, visible, and measurable	The public may not understand where Community Service Fees go or whether they meaningfully benefit residents.	Shows how funds support workforce, small business, student, and community programs.	Which fees can be reported by company or agreement, and how outcomes should be measured.
4. Explore a Data Center Community Benefit and Utility Affordability Fund	Residents may not see a direct, visible household benefit from large-scale data center growth, even as concerns increase about electricity demand, affordability, and public incentives.	Creates a pathway to study whether future data center-related fees, or a new legally authorized community benefit fee could support utility bill credits for income-qualified Hillsboro residents, such as households earning at or below 110% of area median income.	Whether the City has legal authority to create or require such a fee, whether it could apply only to future agreements, how it would interact with Enterprise Zone law, whether PGE and City water bill credits are administratively feasible, and what eligibility standards would be used.
5. Review and update Hillsboro’s Enterprise Zone policy before renewal	Residents are concerned that existing incentive rules may not reflect the scale and impact of modern data centers.	Creates an opportunity to update local standards before future renewal or major policy changes.	Which requirements are controlled locally versus set by state law.
6. Update land use and design standards for modern data centers	Residents are concerned about land use compatibility, noise, building scale, public notice, and environmental impacts.	Helps align future development with community design, livability, and public process expectations.	What changes are legally available under land use law and how they would apply to future applications.

7. Provide regular public updates on data center growth and impacts	Residents may feel information only comes forward after controversy or major decisions.	Makes transparency routine and helps Council and the public track growth, impacts, and policy changes over time.	Whether updates should be annual, semiannual, or tied to major permitting or Enterprise Zone milestones.
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1. Create a Public Data Center Transparency Dashboard

Hillsboro should consider creating a public dashboard that gives residents one reliable place to understand data center development, Enterprise Zone agreements, infrastructure impacts, and community benefits.

This dashboard should include:

- Site status and acreage
- Enterprise Zone agreements and timelines
- Assessed value, exempted value, and taxes imposed
- Community Service Fee and School Support Fee reporting
- Water usage where legally and practically available
- Public infrastructure commitments
- Links to staff reports, notices, maps, and agreements

A dashboard would reduce confusion, improve transparency, and help residents access information without relying on fragmented sources. This should be designed for community usability, not only technical compliance. Information should be easy to understand, regularly updated, and available in multiple languages where appropriate.

2. Require a Public Return-on-Investment and Infrastructure Impact Review for Future Incentives

Before any future local Enterprise Zone renewal, expansion, amendment, or similar incentive policy decision, the City should consider requiring a public return-on-investment and infrastructure impact review.

That analysis should evaluate:

- Projected tax revenue during and after abatement
- Impacts to schools, Washington County, and overlapping taxing districts
- Community Service Fee and School Support Fee value
- Permanent jobs, wage quality, and workforce commitments
- Electricity & Water demand, wastewater impacts, transportation, and emergency response
- Public cost recovery and long-term maintenance obligations
- Whether benefits are proportional to the public incentive provided
- Whether phased projects or consecutive investments extend the practical duration of tax benefits beyond a simple three-to-five-year abatement

The goal is not to punish development; it is to ensure future incentives produce measurable public value. The City's Enterprise Zone framework should be evaluated not only by whether it attracts investment, but whether it produces measurable long-term public value while protecting residents, environment, public infrastructure, and overlapping taxing districts. Any ROI review should acknowledge the program's reported benefits. Staff reports the Hillsboro Enterprise Zone has been active for 20 years, with 100 approved applications, 50 current or active applications, more than \$11.6 billion in estimated investment, approximately 3,200 jobs, median compensation of \$126,500, and about \$21 million in local procurement.

I understand the purpose of using incentives to help capital-intensive high-tech businesses succeed. At the same time, the community providing that benefit deserves a clear explanation of the trade-offs and a framework that helps ensure long-term public value.

3. Make Community Service Fees Clear, Visible, and Measurable

Community Service Fees should be easier for the public to understand and should be clearly tied to visible community priorities. Staff reports that CSF-funded partnerships include PCC Quick Start, Centro de Prosperidad, Cocinemos, and PCC Future Connect. Reported outcomes include 390 Quick Start participants, 224 small businesses served, 92 new businesses, 98 Cocinemos graduates, 33 new businesses from Cocinemos, and 250 Future Connect students supported.

The city should consider annual reporting that shows:

- Total fees collected
- Which agreements generated the fees, where legally disclosable
- Which specific programs were funded
- How many residents, students, workers, or businesses benefited annually
- Whether the funded programs produced measurable outcomes

Future agreements should explore stronger alignment with local priorities such as workforce training, first-generation college scholarships, youth apprenticeships, small business support, energy-burden reduction partnerships, digital inclusion, and career pathways into technology, construction, utilities, and infrastructure. The City also states that these funds do not support general services.

4. Explore a Data Center Community Benefit and Utility Affordability Fund

Hillsboro should explore whether future data center-related fees, Community Service Fees, or a new legally authorized community benefit fee could support a dedicated fund that provides direct utility bill credits for income-qualified Hillsboro residents.

One possible model would provide credits on PGE and City water bills for Hillsboro households earning at or below 110% of area median income. This proposal would require legal review, fiscal analysis, utility coordination, and clear eligibility standards.

The goal is to ensure that large-scale digital infrastructure growth produces visible, measurable, and direct public benefit for residents, especially households most sensitive to rising utility costs.

5. Review and Update Hillsboro’s Enterprise Zone Policy Before Renewal

Hillsboro should conduct a public review of its local Enterprise Zone policy before any future renewal, expansion, or major amendment.

The review should clearly identify:

- Which requirements are set by state law
- Which requirements are locally controlled
- Which decisions are administrative or legislative
- Which decisions Council can legally retain or modify
- Whether existing state and local requirements are sufficient for data centers, including employment requirements, Hiring Agreements, annual compliance requirements, local procurement reporting, wage and benefit standards, training and advancement requirements, application fees, CSF, and School Support Fees

The City’s current Enterprise Zone is scheduled to expire on June 30, 2028. That timeline creates an opportunity for a thoughtful public review before future decisions are made.

6. Update Land Use and Design Standards for Modern Data Centers

The City should review whether current land use rules adequately address the scale, design, and operational impacts of modern data centers. Under the current process described by staff, data center land use applications are handled as Type II administrative decisions, with conditions of approval added for needed improvements. Staff reports data centers are currently allowed in several zones, including Industrial General, Industrial Park, Industrial Sanctuary, Station Community Business Park, Station Community Industrial, Helvetia Special Industrial District, Commercial General, Urban Center Office/Research, and Urban Center Research Park. Any code changes would need to follow the code amendment process, including Planning Commission review, DLCDC and Metro notice, public notice to affected properties, potential Measure 56 notice, Council readings, and a delayed effective date unless an emergency is declared.

Future policy discussions should consider:

- Staff identifies potential code amendment areas as: whether to prohibit, limit, or require conditional use review for data centers; site standards; landscaping; screening and noise; and green building requirements
- Whether very large facilities should require additional public process
- Whether conditional use review is appropriate in certain locations
- Compatibility with nearby neighborhoods, schools, parks, natural resources, and employment lands, including whether additional buffering, mitigation, or proximity standards are appropriate.
- Public notice and appeal opportunities

- Whether different types of data centers should be treated differently
- Whether proposed development is the best long-term use of limited industrial land

The city should recognize that not all data centers are the same. A smaller facility supporting a local enterprise, a co-location facility, and a hyperscale AI-oriented campus may have different land use, utility, design, employment, and community impacts.

7. Provide Regular Public Updates on Data Center Growth and Impacts

Council should receive a regular public update on data center development, Enterprise Zone activity, infrastructure impacts, community benefit commitments, state policy changes, and public concerns.

- Site status, acreage, zone, phase, Enterprise Zone application status
- CSF revenue, CSF-funded outcomes, school support fee treatment
- Peak-day water demand
- Permitting activity, public complaints, and code amendment status

These annual or semiannual updates could include site counts and acreage, agreement status, fee reporting, utility and infrastructure coordination, water and electricity usage trends, permitting activity, public complaints, and state legislative or regulatory developments.

Regular updates would help Council and residents track a complex and fast-moving issue with significant fiscal, infrastructure, land use, and public trust implications.

Public Sources Used and Context

The following data points provide context for the recommendations above.

Data Center Presence in Hillsboro

As of June 2026, the city reports 21 data center sites that are constructed, in permitting, or under construction. This includes 16 constructed sites on 346 acres and five sites in permitting or under construction on 124 acres.

Enterprise Zone Program

The Enterprise Zone Program was created by the State of Oregon to encourage business recruitment, retention, and job growth. In Hillsboro, the program allows eligible businesses to receive a 100% property tax abatement for three to five years on qualified new investments such as buildings and equipment. After the exemption period, the investment becomes taxable.

Hillsboro received 17 Enterprise Zone applications for data centers after HB 4084 passed in March 2026 and before the June 6, 2026, state moratorium date. The city reports that these applications span eight companies and 11 sites.

Legal Authority and Administrative Constraints

The City states that Enterprise Zone applications must be processed under state law and local policy in place at the time of application. The City further states that staff have no discretion to deny applications that meet state law and local policy, and that it would not have been legal for staff to reject qualifying applications submitted before the moratorium took effect.

Assessed and Exempted Value

The city reports that all data centers and their tenants, including those receiving abatements, represent approximately \$11 billion in assessed value and exempted real market value. In 2025, the City reports that 12 data center-related entities receiving tax abatements represented approximately \$7.2 billion in exempted real market value, with total taxes imposed on data center-related entities of approximately \$61.1 million.

Community Service Fees and School Support Fees

The city reports that Enterprise Zone recipients pay additional fees, including a one-time application fee, Community Service Fees, and School Support Fees in certain years. The maximum Community Service Fee is 33% of abated property taxes in years one through three and 50% in years four and five. The School Support Fee applies in years four and five at 15% of the abated tax.

Staff's presentation notes that HSD assessed value increased 28.5% in FY 2025-26 and imposed property taxes increased by \$30 million, but there was no positive impact to the HSD budget because School Support Fees are treated as local revenues in the school funding formula.

Electricity and Ratepayer Protection

The city states that data center power in Hillsboro is primarily provided and monitored by PGE, with coordination involving BPA, PGE, and the city. Oregon's POWER Act established a special rate category for large electricity users to ensure they cover their own costs instead of shifting those costs to households and small businesses.

The Oregon Public Utility Commission has approved Schedule 96, a large-load rate structure for PGE data center customers and other large-load users. The PUC states the structure is intended to protect residential and commercial customers from subsidizing infrastructure needed for rapid large-load growth.

Water Use

City staff reports that data centers used approximately 112 million gallons, or 1.8% of Hillsboro's 2025 water consumption. This suggests the immediate policy question is less about current total consumption and more about future capacity, peak-day demand, cooling technology, wastewater impacts, and long-term infrastructure planning.

The city also states that the Willamette Water Supply System is being built to serve future needs of all customers in Hillsboro and the region, not specifically data centers.

Statewide Policy Review

Governor Kotek's Data Center Advisory Committee is tasked with developing recommendations on issues related to data center growth, including economic development, climate and clean energy goals, utility costs, water resources, and responsible siting. The committee's report is due to the Governor no later than October 2026.

Attachment A: Enterprise Zone Data Center Case Study

A separate case study is included as Attachment A to help explain how the Enterprise Zone program works in practice using the QTS Hillsboro 1 campus as a local example.