

HOUSTON BUSINESS JOURNAL

THE CASE FOR DATA CENTERS IN TEXAS — A KEY TO ECONOMIC GROWTH AND ENERGY DOMINANCE

By **Justin Yancy**

April 3, 2025

Texas has long been the engine revving the American economy. With a GDP ranking as the eighth largest in the world, our state has thrived by embracing business-friendly policies that foster innovation, investment and job creation. Today, Texas stands at the pinnacle of another economic opportunity: becoming an international leader in data center development.

Data centers are not just digital storage facilities — they are the infrastructure driving our modern economy including AI, cloud computing, online commerce and banking. Texas is well equipped to handle and thrive under this industrial and technological growth. A rising tide can lift other parts of our economy, and in other states, we have seen how data center development attracts supporting industries and creates a ripple effect of economic benefits that trickle down to all facets of state and local economies. Data center facilities will generate critical tax revenue for local governments and spur additional investment in the statewide economy. In 2021 alone, the data center industry added more than 49,000 direct jobs across Texas.

Equally important, expanding data center infrastructure in the U.S. is a national security imperative. American-built and operated data centers reduce dependence on foreign networks, mitigating cybersecurity threats and protecting critical information. Our adversaries like the Chinese Communist Party have “made AI development a national priority, directing considerable sums of money, policy incentives and public-private partnership opportunities toward ensuring that Beijing can compete.”

Texas can play a crucial role in keeping America competitive in the AI race by ensuring that tech infrastructure remains secure and sovereign. As Sen. Ted Cruz, R-Texas, recently put it, “We are in a global race for artificial intelligence, and there’s no doubt that China’s doing everything they can to beat the United States.” America’s global power and security rely on technological dominance, making AI supremacy essential in outpacing our adversaries.

Texas’ energy success has been built on free-market principles, and we must continue to resist overreach that could make power less affordable and less reliable. Over-regulation in other states has driven up electricity costs and deterred new energy investments. Policymakers in Texas must do their part to continue building upon and leaning into a business-friendly regulatory environment that encourages innovation and economic growth while also keeping power generation reliable for Texas consumers.

The Texas Economic Miracle was built on welcoming high-growth industries, and data centers are no exception. Major technology companies are already moving operations to states with lower regulatory burdens. If Texas does not lead in this space, we risk ceding ground to other states in the U.S. in addition to foreign competitors like China.

The development of data centers in Texas is not simply about economic growth — it is about securing our state’s role as a global leader in technology, energy and national security. By embracing data center investment, we can drive long-term prosperity for businesses, communities and families across our state. Texas has the power, the market and the capability. Now is the time for our lawmakers and leaders to embrace these kinds of investments. Texas must always be open for business — particularly to the burgeoning data center industry.