



CITY OF KINGMAN COMMUNICATION TO COUNCIL

TO: Honorable Mayor and City Council

FROM: Jason Moquin

MEETING DATE: August 4, 2026

AGENDA SUBJECT: Data Centers Update

SUMMARY:

Background:

At the July 7, 2026 City Council meeting, a report on data centers was requested by Councilman Ward. as such, the following serves as background on data centers statewide as well as the city's current position.

Background - Statewide

- 2013 – State Legislature approved tax incentives for data centers
- 2021 – State Legislature approved a 10-year extension for the incentives to 2031
- July 7, 2026 – Governor Hobbs placed a temporary three-year moratorium on data center incentives
- To date 83 data center tax incentive applications have been approved by the Arizona Commerce Authority with another 113 submitted just before the July 7th announcement.
- Arizona HB 2756 is a newly passed law requiring updated reporting requirements for utilities regarding extra high load factor customers. This was specifically designed to target data centers.
- Over the last two years, several counties and cities across Arizona have updated their codes to further regulate data centers, including: Mohave County, Maricopa County, Phoenix, Mesa, Marana, Chandler, and Tucson.

Currently, there are no formally proposed data centers in the area.

Zoning Code Amendments - November 18, 2025 – Council approved Zoning Code Comprehensive Update

- Aligned Code with updated state statutes for administrative review
- Implemented a comprehensive Land Use Matrix
- Clarified and expanded use-specific supplemental standards
- Reorganization of the code for clarity and readability

During this update:

- Data Centers added as a Conditionally Permitted Use to the Land Use Matrix in the I1 and I2 Zones
- Defined Data Centers and Accessory Data Centers
- Established comprehensive development standards for data centers with emphasis on land use compatibility, natural resources (water and energy) and noise

Supplemental Requirements:

Separation - Minimum of 1,500 ft from residential zoning/use, school, hospital, or similarly sensitive use

Acoustical Study - Pre and post construction

Water Use Study:

- Projected demands
- Demonstrate no detrimental impacts to City or County water supply Mitigation measures to be taken, if necessary

Utility Capacity

- Written confirmation from utility providers demonstrating adequate capacity

Enhanced Architectural Design Standards**Approval Process:**

- Requires recommendation of approval/denial by the Planning and Zoning Commission
- Final Action subject to Discretionary Action by the City Council

Additional Standards to be Considered - This is ever changing state wide**Generators:**

- Public website posting; 24-hour advance notice for routine testing; operational window limits; post-construction compliance (Mesa, Chandler)

Water:

- Reporting: annual water demand, peak day demand, Sustainable Water Service Application, wastewater survey, energy demand projections
- Require utility "will-serve" letter confirming capacity within 2 years
- Economic Impact Study required; water use plan requiring detailed water demand disclosures, conservation plans, public review, and ongoing compliance, if classified as extreme water user

Prohibiting Data Centers

- Flagstaff has discussed a possible ban. Decided to wait until more research is available.

Regulate v's Prohibition

- Eliminates potential property owner claims diminished valuation
- Potential exclusionary zoning claims

FISCAL IMPACT:

None

STAFF RECOMMENDATION:

Discussion only - Take No Action

SUGGESTED MOTION:

The Mayor and City Council accept the report and take no action.

ATTACHMENTS:

[Data Center Zoning and Dev Standards.pptx](#)