



Data Centers in Indianapolis Frequently Asked Questions (FAQ)

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1. What is a data center?

A data center is a specialized building or facility that stores the physical components of IT infrastructure. Data centers typically include

- Servers (machines that store data)
- Networking equipment
- Power & back-up power infrastructure to avoid power outages
- Cooling systems to keep systems from overheating
- Security & fire suppression systems

These facilities can range from a few “racks” to large “hyperscale” facilities and operate for a variety of types of users.

The following definition is proposed to be added to the Zoning Ordinance:

“A facility used primarily for the storage, management, processing, and transmission of digital data and that houses computer or network equipment, systems, servers, appliances, and other associated components related to digital data storage, processing, and related operations. Data center uses include data storage facilities, server farms, artificial intelligence training or processing, image processing, cloud computing, email servicing, and similar uses. This definition does not include information technology (IT) services and equipment which are incidental and subordinate to a primary, permitted use. “

2. Why are data centers considering Indianapolis?

Data centers support the economy’s increased demand for connectivity and digital infrastructure. Data centers provide companies with data processing support to deliver services to customers. Four (4) data centers developments have requested approvals to build new facilities in Indianapolis within the last year from March 2025 to March 2026. The State of Indiana has passed laws that encourage new data centers through tax incentives, which can exempt sales tax on certain equipment and energy (administered by



the State of Indiana) and allows local municipalities the option to approve exemptions for real and personal property taxes.¹

3. How are data centers regulated?

There are various federal, state and local agencies that are responsible for reviewing standards that may be applicable to data center developments. Several key agencies are summarized below but the regulations that apply will depend on the type of facility and the specific features included within the development.

State Agencies

Indiana Department of Environmental Management (IDEM) www.idem.IN.gov - “As Indiana’s environmental regulator, IDEM protects human health and the environment, supports safe operations across key sectors, issues permits in compliance with federal and state regulations, and monitors compliance at permitted facilities. The Indiana Department of Environmental Management (IDEM) has seen a rise in data center proposals across the state, each presenting environmental considerations that may require regulatory oversight. IDEM issues permits based on an applicant's ability to comply with all applicable state and federal laws and regulations. The agency does not have the legal authority to approve or deny a permit based on public opinion or discretionary factors beyond these regulations.”²

Indiana Department of Homeland Security (IDHS) www.in.gov/dhs - “The Indiana Department of Homeland Security (IDHS) leads Indiana's emergency planning and operations, first responder training and fire and building safety.”³ All buildings that meet the definition of a Class 1 structure in Indiana are required to be reviewed by the Indiana Department of Homeland Security and obtain a Construction Design Release (CDR). The CDR allows the state to assess the fire safety, building, and accessibility code compliance before construction. The CDR is a prerequisite to any Class 1 local building permits.⁴

Indiana Utility Regulatory Commission (IURC) www.in.gov/iurc - “The Indiana Utility Regulatory Commission (Commission) is an administrative agency that hears evidence in

¹ Indiana Economic Development Corp (n.d.). *Data Center Sales Tax Exemption*. IEDC. <https://www.iedc.in.gov/indiana-advantages/investments/data-center-sales-tax-exemption/overview>

² Indiana Department of Environmental Management (2025, December 3). *IDEM and Data Centers – An Overview of Environmental Requirements*.

³ Indiana Department of Homeland Security (2026, March 31). *About IDHS*. DHS. <https://www.in.gov/dhs/about-idhs/>

⁴ Indiana Department of Homeland Security (2026, April 15). *Building Plan Review*. DHS. https://www.in.gov/dhs/building-plan-review/#Review_Process



cases filed before it and makes decisions based on the evidence presented in those cases. An advocate of neither the public nor the utilities, the Commission is required by state statute to make decisions in the public interest to ensure the utilities provide safe and reliable service at just and reasonable rates.”⁵

Utility Agencies

AES Indiana www.aesindiana.com – AES is an electric service company and provides electrical service to Indianapolis. All data centers must work with AES to get power to their site. This may require the construction of new electrical infrastructure.⁶

Citizens Energy Group (CEG) <https://info.citizensenergygroup.com/> – “Citizens Energy Group is a public trust providing natural gas, thermal energy, water, and wastewater services to about 900k customers in Indianapolis.”⁷ CEG is Indianapolis’s water utility provider. All data centers must work with CEG to get water to their site. This may require the construction of new water infrastructure.

City of Indianapolis Agencies

Indianapolis Department of Metropolitan Development (DMD) www.indy.gov/dmd – DMD is responsible for overseeing the City’s Zoning Ordinance which outlines allowable property uses and development standards for future development in Indianapolis-Marion County. Development standards include standards that regulate building size, height, where structures are located on the property, noise, lighting, landscaping, fencing, etc. DMD handles the administrative planning and zoning efforts; staff evaluates proposals to determine the legality of whether a use is allowed to go on a property based on zoning allowances and what development standards apply. DMD provides recommendations to the MDC and City-County Council decision makers, but do not have the authority to make laws.

Indianapolis Department of Public Works (DPW) www.indy.gov/dpw – The Department of Public Works (DPW) supports Indianapolis through planning, design, construction and maintenance of the city’s public infrastructure. In addition to solid waste, fleet, operations,

⁵ Indiana Utility Regulatory Commission (2022, August 12). *About the IURC*. IURC. <https://www.in.gov/iurc/about-us/about-the-iurc/>

⁶ AES Indiana (n.d.). *Homepage*. <https://www.aesindiana.com/>

⁷ Citizens Energy Group (n.d.). *Culture, Leadership, Careers & Community*. Citizens Energy Group. <https://info.citizensenergygroup.com/company>



right-of-way, sustainability, and disability affairs, DPW is responsible for overseeing the City's Stormwater Design and Construction Specifications Manual which sets regulations on the design and construction for stormwater infrastructure for those undertaking land alteration within the City.

Indianapolis Department of Business and Neighborhood Services (DBNS)

www.indy.gov/dbns – DBNS is responsible for licensing, permitting and inspections related to property use, land development, and construction in the City of Indianapolis and Marion County. The department also oversees property use, safety, and maintenance. DBNS' role includes issuing all required development & building permits and ensuring compliance with local stormwater, flood, infrastructure, zoning, and building code, and property maintenance standards.

4. Why is the City establishing zoning standards for data centers?

Zoning standards help mitigate development nuisances by implementing regulations that establish maximum sound levels, maximum height allowances, screening & landscaping requirements, minimum separation requirements from residential and other Protected Districts, and proper operation and utility management. Zoning standards ensure that data centers are located in appropriate areas, such as industrial or employment districts, where infrastructure and land uses are compatible. Currently, the Indianapolis-Marion County Zoning Ordinance does not include a definition or regulations for data centers. Indianapolis is proactively planning for future growth by drafting updates to the Zoning Ordinance that include regulations for data centers.

5. Where will data centers be located?

Data centers will be required to request a rezone from the Metropolitan Development Commission to a Special Use District for any property for which they would like to locate. This is similar to how Indianapolis regulates telecommunication towers, power substations, and other specific uses. Rezoning petitions require public hearings during the rezoning process. Surrounding property owners are notified of the public hearing date and time through a mailed legal notice to surrounding properties, a published legal notice in the newspaper, and a public hearing sign placed on the property prior to the meeting date.

It is important to note that data centers are typically considered for industrial or employment-designated areas (Office/ Tech Mixed-Use, Light Industrial, and Heavy Industrial) identified in the Indianapolis-Marion County Land Use and Comprehensive Plan. These locations are typically better suited to support infrastructure needs. You can review these areas [here](#).



6. Who oversees this process?

The Metropolitan Development Commission (MDC) serves as the Planning Commission for Indianapolis-Marion County. They approve Zoning Ordinances changes and make decisions on all rezoning petitions. MDC members are appointed by the Mayor and City-County Council.

The Indianapolis-Marion County City-County Council is the legislative branch of our local government. The Council is responsible for enacting, repealing, and amending local laws, including the Zoning Ordinance. The Council appoints members to boards and commissions that serve the community.

The Department of Metropolitan Development (DMD) are the city staff members that handle the administrative planning and zoning efforts; they evaluate proposals to determine the legality of whether a use is allowed to go on a property based on zoning allowances. DMD provides recommendations to MDC and City-County Council decision makers, but do not have the authority to make laws.

7. Will the public have input through this process?

Yes. DMD is collecting feedback on the proposed zoning regulations ahead of the Amending Ordinance introduction to share with decision makers. Those who are interested can [submit a public comment here](#), attend an [information session](#), or attend one of the formal public hearings prior to adoption of the zoning amendment. Public hearing dates are TBD but interested parties can sign up to receive notifications of upcoming meetings [here](#).

DMD also encourages developers who are seeking rezones to engage with the community early and pro-actively during their development process. Rezoning petitions do require public hearings during the rezoning process. Surrounding property owners are notified of the public hearing date and time through a mailed legal notice to surrounding properties, a published legal notice in the newspaper, and a public hearing sign placed on the property prior to the meeting date.

The community can also submit feedback directly to DMD at any time via email at dmdengagement@indy.gov.

8. How will electricity usage be addressed in the zoning changes?

Electric service is regulated by the Indiana Utility Regulatory Commission.⁸

⁸ Indiana Utility Regulatory Commission (2022, August 12). *About the IURC*. IURC. <https://www.in.gov/iurc/about-us/about-the-iurc/>



Within the proposed zoning amendment, DMD is recommending an Operations Plan be required for all data centers.

The Operations Plan must include an electricity capacity plan that details the electrical load requirements for the primary building and all accessory buildings and/or structures on-site.

All proposed data centers will also be required to provide written verification from the utility provider(s) and agencies serving the site indicating that:

- a. Adequate electrical capacity is available in the supply lines and substation for the proposed data center and to serve the current and future needs of the area and is consistent with the normal projected load growth envisioned by utility;
- b. Utility supply equipment and related electrical infrastructure are sufficiently sized and can safely accommodate the proposed data center;
- c. The proposed data center will not cause electrical interference or fluctuations in line voltage.

9. How will water usage be addressed in the zoning changes?

Water service is regulated by the Indiana Utility Regulatory Commission.⁹

Within the proposed zoning amendment, DMD is recommending an Operations Plan be required for all data centers.

The Operations Plan must include a water management plan detailing how the facility will meet their anticipated cooling needs and how the used water will be discharged and disposed.

All proposed data centers will also be required to provide written verification from the utility provider(s) and agencies serving the site indicating that:

- a. An adequate supply of water to serve the facility from a public water utility.
- b. Adequate means of providing sanitary sewer and the management of waste and wastewater for the project are available.

Please note the additional regulations from the Indiana Department of Environmental management (IDEM): “Operators must adhere to environmental regulations when discharging process water into Indiana waterways. Activities require a permit from the Indiana Department of Environmental Management (IDEM) depending on how the water is

⁹ Indiana Utility Regulatory Commission (2022, August 12). *About the IURC*. IURC. <https://www.in.gov/iurc/about-us/about-the-iurc/>



discharged. The permit application requires a detailed analysis of the wastewater's composition and the intended treatment methods.

- Direct to Water Bodies: IDEM's Office of Water Quality (OWQ) is responsible for issuing National Pollutant Discharge Elimination System (NPDES) permits for direct discharges into streams, lakes, and other water bodies in Indiana.
- Discharge to Sewer System/POTW: WWTPs that receive wastewater from external sources are required to inform the OWQ Permits Branch of their intent to accept wastewater (including noncontact cooling water). OWQ determines if any changes to the WWTP's NPDES permit are needed.

These permits ensure discharges do not violate water quality standards and specifies monitoring and reporting requirements.”¹⁰

10. How is noise being addressed in the zoning changes?

The Zoning Ordinance requires that no use shall emit sound beyond the lot lines in such a manner or intensity to endanger the public health, safety, or welfare, or cause injury to property. ([Sec. 740-401.B.5](#))

As a part of the Zoning Ordinance amendment, DMD is recommending an additional requirement for data centers that the maximum sound levels associated with any component of a data center not exceed 65 decibels (dB), measured at the property line.

Similar regulations exist in the Zoning Ordinance today, including a maximum of 70 dB for drive thru speakers next to residential areas ([Sec. 743-306.I.2](#)) and 70 dB(C) and 60 dB(A) for mining operations ([Sec. 742-206.F.7](#)).

Additionally, DMD is recommending an Operations Plan be required for all data centers. The Operations Plan must include a noise study and mitigation plan prepared by an acoustical engineer describing the facility's anticipated noise levels and all proposed mitigation efforts (e.g., sound walls, baffles, ventilation silencers, landscaping) that will be employed to ensure compliance with the maximum sound level standard. Prior to issuance of permits, a report that describes the methodology on how the property owner/operator shall measure and monitor decibel levels at the property line shall be submitted to assure compliance with all rules and regulations related to permitted level of noise.

¹⁰ Indiana Department of Environmental Management (2025, December 3). *IDEM and Data Centers – An Overview of Environmental Requirements*.



11. How are safety and security being addressed in the zoning changes?

DMD is recommending a Site and Operations Plan be filed for all data centers. The Operations Plan must include information on how the facility will be secured and the Site Plan must include the identification of access routes for all emergency vehicles and all fencing that will be installed on the property. All proposed data centers will also be required to provide written verification from agencies serving the site indicating compliance with the Airspace Secondary Zoning District regulations and all applicable Federal Aviation Administration (FAA) guidelines.

Additionally, all buildings that meet the definition of a Class 1 structure in Indiana are required to be reviewed by the Indiana Department of Homeland Security and obtain a Construction Design Release (CDR). The CDR allows the state to assess the fire safety, building, and accessibility code compliance before construction. The CDR is a prerequisite to any Class 1 local building permits.¹¹

12. How are zoning regulations enforced after construction or for established structures/sites?

If a property owner is suspected of violating zoning regulations—be it something established within the Zoning Ordinance, or commitments made during a petition process—anyone can report those potential violations through the [Mayor's Action Center](#) or [RequestIndy](#). An investigation record will be created within DBNS' system, and an inspection will be assigned and scheduled. If violations are discovered during the inspection process, a violation case will be opened, which could lead to fines and legal action if zoning compliance is not met.

13. How are environmental elements (i.e. generators and pollution) being addressed?

The Indiana Department of Environmental Management (IDEM) has regulatory authority over environmental elements, as outlined in applicable state and federal laws and regulations. Below is a statement from IDEM on how water, air, and land are regulated.

Water Quality

¹¹ Indiana Department of Homeland Security (2026, April 15). *Building Plan Review*. DHS. https://www.in.gov/dhs/building-plan-review/#Review_Process



“Operators must adhere to environmental regulations when discharging process water into Indiana waterways. Activities require a permit from the Indiana Department of Environmental Management (IDEM) depending on how the water is discharged. The permit application requires a detailed analysis of the wastewater's composition and the intended treatment methods.

- Direct to Water Bodies: IDEM’s Office of Water Quality (OWQ) is responsible for issuing National Pollutant Discharge Elimination System (NPDES) permits for direct discharges into streams, lakes, and other water bodies in Indiana.
- Discharge to Sewer System/POTW: WWTPs that receive wastewater from external sources are required to inform the OWQ Permits Branch of their intent to accept wastewater (including noncontact cooling water). OWQ determines if any changes to the WWTP’s NPDES permit are needed.

These permits ensure discharges do not violate water quality standards and specifies monitoring and reporting requirements.”

Air Quality

Generators/Air Emissions: Data centers often have backup generators and cooling towers, which require the obtainment of air permits. The specific permit required depends on the facility’s potential to emit (PTE) air pollutants, the location of the project, and the capacity of the equipment.

Land Quality

Data Centers must comply with regulations concerning the proper storage or disposal of solid waste, hazardous waste, and e-waste. In rare situations, Data Center operations may require permits from IDEM’s Office of Land Quality if operating as a processing or disposal facility.”¹²

14. How many jobs are created by data centers?

The number of permanent jobs created by a new data center is determined by the company building the facility. Zoning standards do not regulate the number of jobs that are created.

The recently approved Sabey Data Center in Indianapolis has stated that they will create 75 permanent jobs with an average salary of \$104,000 or 125% of the average annual wage in Marion County, whichever is higher at the time of job creation. The proposed Metrobloks

¹² Indiana Department of Environmental Management (2025, December 3). *IDEM and Data Centers – An Overview of Environmental Requirements*.



Data Center in Indianapolis has stated that they will create 35 permanent jobs with an average salary at or above 125% of the average County wage at the time of job creation. Because of the specialized nature of construction, the number of jobs created during construction is cited to be high, although the exact number is determined by the developer.

15. How are taxes generated by data centers? Are data centers being considered for tax incentives?

Data Centers produce both real and personal property taxes for the City of Indianapolis. Real property are the permanent features on the site, such as the buildings. Personal property is the equipment inside the building. Because of the high value of technology equipment, data centers produce high personal property values.

The State of Indiana has passed legislation that allows for a personal property tax incentive for data centers. [IC 6-1.1-10-44] This legislation allows for a reduced property tax of all data center equipment for up to 40 years. This is called a tax exemption and must be approved by the Indianapolis City-County Council. To be considered for this incentive, the average wage of jobs created must be at least 125 percent of the average County wage.

The State of Indiana also allows for reduced real property taxes for a maximum of 20 years. [IC 6-1.1-12.1-18] This is called a tax abatement and must be approved by the Metropolitan Development Commission (MDC), and in some cases, must also be approved by the Indianapolis City-County Council. Recipients of this abatement are subject to a public hearing to review the taxpayer's compliance after the ten-year mark.

Other taxes pertinent to data centers, such as the sales tax exemption, are administered by the State of Indiana.¹³

¹³ Indiana Economic Development Corp (n.d.). *Data Center Sales Tax Exemption*. IEDC. <https://www.iedc.in.gov/indiana-advantages/investments/data-center-sales-tax-exemption/overview>



16. Are renewable energy source considered when new data centers are developed?

Under the Indianapolis-Marion County Zoning Ordinance, ‘Renewable Energy Facilities’ such as wind, solar, and geothermal would be permitted on data center properties. [Table 743-1](#). Use of renewable energy is encouraged, but not required.

17. Are there distinctions in the zoning classifications for the different types of data center?

DMD is recommending the proposed zoning requirements apply to all data centers, regardless of their size. However, these requirements would not apply to data centers that are incidental to a use, building or campus (i.e. data center that is within a larger building such as a hospital.)

18. What happens to the data centers that exist now or have already been approved? Are they “grandfathered” in?

If a zoning ordinance change renders an existing data center non-compliant, the data center could continue to operate as a legally-established, non-compliant use.

19. Will current pending zoning petitions for data center need to be refilled to request this new Special Use zoning district?

No, any petition filed prior to the adoption of this amendment are subject to the zoning ordinance as it stands today. If a zoning ordinance change renders an existing data center non-compliant, the data center could continue to operate as a legally-established, non-compliant use.

20. How do data centers impact AES rates?

Answer provided by AES: AES approaches large load projects with the mindset that serving them will not adversely affect existing customers. With that mindset, and in collaboration with the company, AES crafts their agreements to ensure all costs (i.e. grid & substation upgrades) related to serving the load will be paid for by that company.

21. How are data centers being considered for local tax incentives?

Incentives are a competitive tool to attract high-quality investment to grow the City of Indianapolis and provide well-paying jobs to its citizens. All business attraction projects, including data centers, are reviewed individually by the Indianapolis Economic Development Inc (IEDI) team and if the company meets certain criteria, they may be offered an incentive package. To receive an incentive, companies must meet measurable and

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definable investments that can be closely monitored for compliance by the City. Incentives are not automatic. All projects must be considered by the Metropolitan Development Commission (MDC) and/or City-County Council to determine whether the public benefits of the project justify a tax abatement or exemption.

When making incentive recommendations, IEDI considers the following factors:

- Company vetting & financial feasibility
- Capital investment and long-term tax base growth
- Target industry and geographical location
- Job creation and industry cluster impact
- Utility and sustainability impact
- Infrastructure impact
- Partnership and education potential
- Additional neighborhood investments

Any incentives offered are typically time-limited and performance based, meaning companies must meet agreed-upon commitments. Incentive agreements include protections or claw backs if commitments are not met.

22. Is a moratorium on data centers being considered?

The proposed amendment does not contemplate a moratorium on data centers. As directed by lawmakers, the proposed amendment seeks to establish clear requirements and zoning regulations for data centers in Indianapolis to minimize impacts to surrounding properties by requiring specific standards such as noise, separation, and screening requirements. The current zoning ordinance does not include regulations for data centers, leaving zoning applications to be processed with no clear regulations to follow. Having zoning standards ensures consistent standards are being applied to all new data center developments.

23. What's next? What can I do if I would like to engage further?

DMD is collecting feedback on the proposed zoning regulations ahead of the Amending Ordinance introduction to share with decision makers.

Those who are interested can:

- Read the draft copy of the zoning regulations | [Click here to read the draft.](#)
- Submit a public comment | [Click here to submit public comment.](#)
- Provide feedback on the Future Land Use Map | [Click here to provide feedback.](#)
- Register for an upcoming information session or watch the recordings of past meetings on the [data center webpage.](#)

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- Attend upcoming public hearings. You can sign up to receive notifications of upcoming public meetings. | [Click here to sign up.](#)

You can also submit feedback directly to DMD at any time via email at dmdengagement@indy.gov.