POLICY BRIEF · WISCONSIN

Moving Wisconsin Forward, Together

Responsible Growth for AI and Data Centers

Eleanor Dutton · Working draft · Nov. 2026

Wisconsin is being told it has to choose: welcome AI and data center investment, or protect households, farms and water. That's a false choice. With clear rules, published in advance and applied the same way to everyone, Wisconsin can keep investment coming, keep costs off family budgets and get the most out of every public dollar.

This plan does two things: It keeps Social Security and Medicare whole as AI changes work. It also makes data centers pay their own way, with their spending layered onto programs Wisconsin already runs so every dollar goes further. No bans, no new agencies, no surprises.

The plan at a glance

Each pillar comes with its fiscal case (Exhibit 1).

EXHIBIT 1

Both pillars protect budgets without new taxes on working families

The plan at a glance, with the fiscal case for each pillar

PILLAR	WHAT IT DOES	THE FISCAL CASE
1. Keep the trust funds whole	When AI replaces work, the payroll contributions that work made keep flowing, including unemployment insurance	Protects retirees and displaced workers without raising taxes on working families
2. Data centers pay their own way	Full cost, ready sites, clear terms	Ratepayers stop subsidizing; projects move faster on known rules

Source: this proposal.

Pillar 1: Keep the trust funds whole

The proposal: when AI replaces jobs, the payroll contributions those jobs made keep flowing into Social Security, Medicare and unemployment insurance, with a share for Medicaid. Down the road,

an education portion can be added, helping to deliver on commitments without increasing the tax burden on Wisconsin families.

- **The gap is real and close.** Social Security's retirement fund runs short in 2032 and Medicare's hospital fund in 2033. Without changes, retirees face an automatic cut of about 22%.
- **Built on data already collected.** AI companies already bill business customers by computing use, and every employer already files quarterly wage reports with the state. A staged audit, largest employers first, finds where the workforce fell as computing use rose, with a review and appeal before anyone pays. No new reporting system or agency: DWD and the Department of Revenue already hold the data.
- **What it could raise.** If 3% of U.S. jobs are replaced, about $62 billion a year would keep flowing into Social Security and Medicare, and Wisconsin's share of that base is about $950 million. That holds the trust funds steady; closing the gap that already exists takes more (Exhibit 2).
- **Why act now.** Basing the contribution on lost payroll may cause some market disruption at first, and it may show up as slower growth while companies adjust. Waiting only makes the eventual correction larger. A published phase-in gives markets time to adjust, and by 2028 we expect the results to justify the decision.
- **Predictable by design.** Phased in on a published schedule so companies and investors can plan.
- **No new taxes on working families.** The contribution falls on the companies using AI in place of workers, not on households.
- **Unemployment insurance Wisconsin controls.** Wisconsin runs its own unemployment insurance, funded by employer payroll taxes, so this piece needs no federal action. Wisconsin's maximum benefit of $370 a week hasn't changed since 2013 and trails every neighboring state's average. A share of the AI contribution strengthens the trust fund before the next downturn, so benefits can expand when they're needed without raising taxes on every employer.
- **Retraining that pays off.** Displaced workers get training or education credits through programs already running, like Wisconsin Fast Forward, which has trained more than 31,000 workers since 2013. Workers back on payroll pay taxes again and draw fewer benefits.

EXHIBIT 2

At 3% displacement, about $62 billion a year keeps flowing to the trust funds

Estimated payroll contributions kept flowing each year, by share of U.S. covered jobs replaced, in 2025 wage dollars

SHARE OF U.S. JOBS REPLACED	JOBS REPLACED (MILLIONS)	TOTAL ($ BILLIONS)	SOCIAL SECURITY ($ BILLIONS)	MEDICARE HI ($ BILLIONS)	WISCONSIN SHARE ($ BILLIONS)
1%	1.85	20.6	16.7	3.9	0.32
3%	5.55	61.8	50.1	11.7	0.95
6.5%	12.03	133.9	108.6	25.4	2.05

Source: author's estimate from SSA and BLS data: covered workers (about 185 million) × share replaced × the 2025 average wage index ($72,800.33) × the 15.3% payroll rate; Wisconsin's share uses its 1.53% share of U.S. wages. Note: levels, not forecasts with dates. The estimate runs high if displaced jobs pay below average, and it holds the trust funds steady rather than closing the existing gap.

What Wisconsin can control

- **Unemployment insurance.** A share of the contribution strengthens the state trust fund, expands benefits in downturns, opens a path to raise the $370 weekly maximum, and funds training and education credits through technical colleges and Wisconsin Fast Forward.
- **The measurement.** Wisconsin can design and test the computing-based measure tied to each employer's tax ID, and run the staged workforce audit that decides who pays.
- **Medicaid.** A state share of the contribution goes to Medicaid, lowering what the state and families pay for care.
- **Education, down the road.** An education portion can be added under state law once the payroll contribution is working.

What requires federal action

- **Social Security and Medicare.** Directing contributions to the federal trust funds takes an act of Congress. Wisconsin builds the model and carries it to Washington.
- **A national standard.** A common way to measure computing use across every provider, so companies can't shift usage across state lines.

Pillar 2: Data centers pay their own way

The proposal: data centers cover their full costs, on sites the state has already vetted, and their spending is layered onto programs Wisconsin already funds.

Protect ratepayers

- A separate utility rate class, so households don't pay for grid upgrades built for data centers.
- Existing data center tax exemptions conditioned on clear standards: renewable energy, labor, local mitigation and public reporting. This is the largest number on the table: a March 2026 Legislative Fiscal Bureau memo, as reported by Wisconsin Watch, puts the sales and use tax

exemption at about $1.5 billion during construction plus $369 million a year for four projects. Conditioning it costs the state nothing new.

- Large transmission lines (345 kV and up) already pay host towns, villages and cities a yearly fee under state law, and counties share a one-time fee: money for roads, plows, broadband and parks.

Faster, cleaner approvals

- **Ready sites.** The state runs its own site analysis and offers a short list chosen for grid capacity, local energy burden, water supply and watershed health. Developers get certainty; towns get a say.
- **Conditions, not bans.** Public notice and community meetings before deals are signed, and no nondisclosure agreements. Projects that meet the standards move forward.

What a Wisconsin data center looks like

- **Water you can watch.** Closed-loop cooling, live public monitoring at every site with regular PFAS testing, and a cleanup bond posted before construction, so remediation is paid by the company, not local taxpayers.
- **Good neighbors.** Berms built from the site's own soil, which also saves hauling costs, plus buffer zones, noise limits that include low-frequency hum, and dark-sky lighting.
- **Waste heat put to work.** District heating for nearby homes, schools and public buildings, or agricultural greenhouses that add farm income close to home.
- **Power that pays for itself.** Solar, wind, geothermal and run-of-river hydro where the site supports them, with data centers sharing the cost of grid upgrades instead of passing it to ratepayers.
- **Rail and transmission together.** New lines sited along rail corridors, as the proposed SOO Green line plans to do next door, avoid taking farmland and most eminent domain fights. Along I-41, the Milwaukee–Green Bay passenger line is already in federal planning, with study costs covered by a federal grant, and would serve more than 800,000 residents between Fond du Lac and Green Bay. Passenger rail, freight upgrades and transmission can share one corridor through the Fox Valley's manufacturing centers at a lower cost than building each separately.

The companion document, *Data Center Design and Impact*, lays out each standard in detail.

What Wisconsin can control

- **Ratepayer protection.** The Public Service Commission can set a separate rate class for data centers.
- **Tax exemptions.** The Legislature can condition existing data center exemptions on clean energy, labor, mitigation and public reporting.
- **Siting and process.** The state site analysis, the short list, public notice and the end of nondisclosure agreements.
- **Standards and accountability.** Water, noise and light standards, public monitoring dashboards and cleanup bonds.

- **Farm and water programs.** Routing offsets through the conservation reserve program and the water quality trading clearinghouse, and funding the state match.
- **Corridors and coordination.** Siting transmission along rail corridors, waste heat requirements and a Governor's Liaison on AI and Data Centers.

What requires federal action

- **Conservation funding.** The federal share of the conservation reserve program, which every state dollar draws down.
- **Hydropower licensing.** Federal licensing reform so run-of-river projects at restored dam sites can move in years, not decades.
- **Passenger rail.** Continued federal funding for corridor studies and construction, including the Milwaukee–Green Bay line on I-41.

Farms at the center: an off-ramp from the commodity treadmill

When we craft policy and make decisions, we have to take a whole-of-Wisconsin approach. By centering rural concerns and tying carbon credit offsets into programs Wisconsin already has in place, we raise awareness of those programs while borrowing the attention data centers bring to the table. It also sends a clear message that the concerns of farming communities are being taken seriously and centered in as many conversations as possible.

The problem. Corn and soybean growers have been through several years of low prices and rising costs for fertilizer and fuel. Farmers sell into markets where they set no price, so the usual answer to thin margins is to plant more, which pushes prices lower. Taxpayers already feel it: at the end of 2024, Congress approved $10 billion in direct payments to help farmers through falling prices and rising costs.

The connection. Data centers have to offset their impact. Farmers need income that doesn't swing with commodity prices. The same acres answer both. The wettest, most flood-prone and most eroded fields often lose money in a bad year. A carbon and water quality credit on that ground pays every year, giving a farm a steady income stream and room to diversify on its best acres.

Why it's the fiscally responsible choice

- **No new agency.** Offsets routed through existing programs need no new bureaucracy.
- **Federal dollars matched.** The conservation reserve program already pairs state money with federal money, so every state and corporate dollar spent there draws down more.
- **Room to grow.** About 362,000 acres may be eligible and only about 39,400 are enrolled. Data center attention is the cheapest outreach campaign the program will ever get.
- **Lower costs later.** Restored floodplains and stream buffers reduce flood damage, road washouts and water treatment costs.
- **Stable farms, stable towns.** Steady credit income makes family farms less dependent on emergency aid, and that money is spent on Main Street.
- **Broader support.** Farm organizations, hunting and fishing groups, land trusts and watershed groups all have reasons to back it, which makes it easier to pass and harder to undo.

Why the timing matters. Data centers are being proposed now, and their offset dollars will be spent somewhere. Building the path to Wisconsin programs before projects are approved keeps that money working on Wisconsin land.

The end goal for every farm measure is food system resilience: a Wisconsin food system that grows and processes more of its own food and can absorb supply chain shocks.

What we're asking for

- Require data center offsets to run through existing programs: the conservation reserve program and the state water quality trading clearinghouse.
- Limit credits to marginal, flood-prone and stream-adjacent land, so productive farmland stays productive.
- Fund the state match in the 2027–29 budget to draw down federal conservation dollars and enroll more eligible acres.
- Use data center mitigation dollars, not new taxes, for farmer transition support.
- Include farm groups in the state's site analysis from the start.

Market considerations and how the design answers them

Each recent market worry has an answer in the design (Exhibit 3).

EXHIBIT 3

Each market worry has a design answer

Recent market concerns and how the plan responds

CONCERN	WHAT HAPPENED	HOW THE DESIGN ANSWERS IT
Policy uncertainty	On Nov. 5, 2026, fears of pauses in data center construction knocked 4.4% off the S&P 500 in a day	No bans. Clear rules on a published schedule.
Construction risk	UBS, as reported in the financial press, estimated pauses could put about 30% of expected 2028 U.S. data center capacity additions at risk	Ready sites and known terms keep projects moving
Circular investment	Chipmakers and cloud companies invest in AI labs that buy their products	The amount follows payroll actually cut, not investment flows
Debt exposure	AI and data center firms were about 14% of JPMorgan's investment-grade bond index, about $1.2 trillion (Bloomberg, Oct. 2025)	A gradual phase-in. Pensions and insurers hold this debt, so stability protects retirees.
Hard-to-value assets	New accounting rules (ASU 2026-03) add complexity to valuing restricted shares	The contribution is based on payroll, never on asset values

Sources: AP, Nov. 5, 2026; UBS, as reported in the financial press; Bloomberg, Oct. 7, 2025; FASB ASU 2026-03.

The scaffolding: how the pieces stack

Every new dollar plugs into something Wisconsin already runs, so nothing is built twice and one-time money goes as far as it can (Exhibit 4).

EXHIBIT 4

Every new dollar plugs into something Wisconsin already runs

How the layers build

LAYER	WHAT IT IS	EXAMPLES
1. What already works	Programs already funded	Conservation reserve enrollment, the water quality trading clearinghouse, dam removal, federally funded rail studies, DNR monitoring
2. What the state adds	Rules that set clear terms	State site analysis, a data center rate class, public dashboards
3. What companies pay for	Private dollars plugged into layers 1 and 2	Land restoration, hydro at restored river sites, transmission along rail, monitoring
4. What Wisconsin shares	A model for other states	A national summit and a free municipal playbook

Source: this proposal.

No new agency. Oversight folds into a Governor's Liaison on AI and Data Centers, building on the Governor's Task Force on Workforce and AI created by Executive Order #211 in 2023, rather than a new bureaucracy.

Legally sound. The plan sets neutral standards that apply equally to in-state and out-of-state companies and never requires anyone to buy Wisconsin products, the design the Supreme Court upheld in *National Pork Producers Council v. Ross*, 598 U.S. 356 (2023).

Timeline

- **Dec. 2026:** budget memo on items that need funding.
- **Jan.–June 2027:** the governor's first budget; standalone bills move. The budget is due Jan. 26, 2027, and the new two-year budget period starts July 1.
- **July–Dec. 2027:** rate class proceeding, public dashboards, site short list, land credit enrollment and a national summit.
- **2028:** results voters can see.

Facts and figures

These reference tables list the sources behind the figures in this brief. They are an appendix, not numbered exhibits.

Pillar 1: Trust funds, workers and markets

FIGURE	WHAT IT MEANS	SOURCE
2032	Social Security's retirement trust fund runs short (combined funds in 2034)	2026 OASDI Trustees Report
About a 22% cut	Automatic cut to scheduled retirement benefits after that, without changes	2026 OASDI Trustees Report, Sec. II.D
2033	Medicare's hospital insurance trust fund runs short, with 89% payable	2026 Medicare Trustees Report
$370	Wisconsin's maximum weekly unemployment benefit, unchanged since 2013	DWD
31,000+	Workers trained through Wisconsin Fast Forward since 2013	DWD
$62 billion a year	Payroll contributions kept flowing if 3% of U.S. covered jobs are replaced; Wisconsin's share about $950 million. Holds the trust funds steady; doesn't close the existing gap	Author's estimate from SSA and BLS data
4.4%	S&P 500 drop on Nov. 5, 2026	AP
30%	Expected 2028 data center capacity additions at risk from pauses; not confirmed by a primary source	UBS via Korea Times
$1.2 trillion	AI and data center debt in JPMorgan's investment-grade index (14%)	Bloomberg, Oct. 7, 2025

Pillar 2: Data centers, land and water

FIGURE	WHAT IT MEANS	SOURCE
78%	Wisconsin voters who say data center costs outweigh benefits (Aug. 2026, the peak; 75% in Oct.)	Marquette Law School Poll, Aug. 26, 2026 release, via Columbia Gorge News
57% · 83% · 90%	Republicans, independents and Democrats who agree (Sept. 2026)	Marquette, Sept. 30, 2026 release, via WPR
4%	Voters who call data centers their top issue; cost of living leads at 48% (Oct. 2026)	Marquette Law School Poll, Oct. 2026 release
7 projects, $57 billion+	Major data center projects proposed in Wisconsin as of January 2026; two were later canceled or put on hold	WPR
362,000 / 39,400	Acres that may be eligible for, and enrolled in (Oct. 2025), the conservation reserve program	DATCP CREP Annual Report (2022); DATCP Land & Water Monthly, Feb. 2, 2026
~$1.5 billion + $369 million a year	Estimated cost of the data center sales and use tax exemption, during construction and then yearly, for four projects	LFB memo, March 2026, as reported by Wisconsin Watch
$10 billion	Direct payments Congress approved at the end of 2024 for falling commodity prices and rising input costs	Harvest Public Media via HPPR
$500,000	Federal grant covering the Milwaukee–Green Bay passenger rail study	FOX 11
800,000+	Residents along the I-41 corridor between Fond du Lac and Green Bay	Journal Sentinel via Yahoo

Let's talk

I'd welcome 30 minutes to walk through the full plan, including the fiscal design and timeline, and to hear where you see opportunity and where you see risk.

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