



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB4319

Introduced 1/14/2026, by Rep. Jed Davis

SYNOPSIS AS INTRODUCED:

New Act

Creates the Property Owner Protection from Data Center Impacts Act. Makes a property owner eligible for compensation for harm materially and proximately caused by the construction or operation of a data center if the affected property is located within 1,000 feet of the data center and if the data center has caused measurable reduction in fair market value, reduction in business revenue, or adverse environmental or operational impacts, such as noise, vibration, traffic, stormwater burden, or lighting. Creates an appraisal procedure to evaluate the data center's impact on the property owner. Provides a compensation formula to determine real property compensation and business loss compensation. Authorizes a property owner to bring a civil action seeking specified damages and attorney's fees and costs. Creates other remedies for enforcement of the Act. Makes legislative findings. Limits the concurrent exercise of home rule powers.

LRB104 17548 JRC 30976 b

1 AN ACT concerning regulation.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the
5 Property Owner Protection from Data Center Impacts Act.

6 Section 5. Findings and purpose.

7 (a) The General Assembly finds that:

8 (1) Data center developments may substantially impair
9 the use, enjoyment, and marketability of nearby
10 residential and commercial properties.

11 (2) Fair market value alone does not provide adequate
12 compensation for the significant burden placed on affected
13 homeowners and small businesses, including the cost of
14 relocation, the loss of customer goodwill, business
15 interruption, and the time, labor, and expense required to
16 re-establish operations elsewhere.

17 (3) These relocation burdens create damages beyond
18 appraisal-based valuation and represent a meaningful
19 economic harm not captured by standard real estate
20 methodologies.

21 (4) A compensation factor exceeding fair market value
22 is, therefore, necessary to ensure that owners forced to
23 relocate can obtain a substantially equivalent replacement

1 property and rebuild their businesses without financial
2 ruin.

3 (5) The 1.5 multiplier authorized under this Act
4 reflects the documented economic reality that displacement
5 imposes substantial non-market losses on families and
6 business owners.

7 (6) Developers and owners of data centers, not
8 taxpayers, should bear financial responsibility for the
9 harm caused by their siting decisions and operational
10 impacts.

11 (b) Therefore, the purpose of this Act is to provide
12 nearby property owners with a fair, predictable, and durable
13 remedy when data center development causes measurable
14 diminution in property value or business viability.

15 Section 10. Applicability. This Act applies to all data
16 centers, including public or private data centers; municipal,
17 county, or State-backed data centers; commercial or industrial
18 data centers; or new or expanded data centers.

19 Section 15. Definition. As used in this Act, "data center"
20 means any facility with a combined connected load that is
21 greater than or equal to 5 megawatts or any facility
22 qualifying for a State data center tax incentive.

23 Section 20. Eligibility for compensation. A property owner

1 is eligible for compensation under this Act from a developer
2 or owner of a data center for harm materially and proximately
3 caused by the construction or operation of the data center if:

4 (1) the property owned by the property owner is
5 located within 1,000 feet of a parcel upon which the data
6 center is located;

7 (2) the data center's presence or operations have
8 caused measurable:

9 (A) reduction in fair market value of the property
10 owned by the property owner;

11 (B) reduction in business revenue; or

12 (C) adverse environmental or operational impacts,
13 such as noise, vibration, traffic, stormwater burden,
14 or lighting problems for the property owner; and

15 (3) the reduction in fair market value of the property
16 owned by the property owner is supported by a certified
17 appraisal of the property under this Act or other
18 financial evidence.

19 Section 25. Appraisal procedure.

20 (a) A property owner who is eligible for and seeks
21 compensation under this Act must send written notice of the
22 property owner's intent to do so to the developer or owner of
23 the data center.

24 (b) A property owner seeking compensation under this Act
25 for a reduction in the fair market value of property caused by

1 a data center shall obtain an appraisal of the property from a
2 person who is certified or licensed under the Real Estate
3 Appraiser Licensing Act of 2002.

4 (c) The data center developer or owner shall obtain a
5 second independent appraisal of the property from a person who
6 is certified or licensed under the Real Estate Appraiser
7 Licensing Act of 2002.

8 (d) If the 2 appraisals differ by more than 10%, a third
9 appraiser shall be randomly selected from a list maintained by
10 the Department of Financial and Professional Regulation.

11 (e) Unless the parties agree otherwise, the third
12 appraiser shall determine the fair market value based on an
13 examination of the first two appraisals and the third
14 appraiser's best judgment.

15 (f) The data center developer or owner shall pay all
16 appraisal costs under this Section.

17 Section 30. Compensation formula.

18 (a) Real property compensation equals 1.5 multiplied by
19 the proven reduction in fair market value of the affected
20 property.

21 (b) Business loss compensation equals 100% of demonstrated
22 loss as supported by:

23 (1) tax filings;

24 (2) profit and loss statements;

25 (3) customer decline data; and

1 (4) sworn expert opinions regarding the business loss
2 caused by the data center.

3 (c) Compensation must be paid to the property owner by the
4 developer or owner of the data center within 90 days of
5 determination.

6 Section 35. Mitigation option. A developer or owner of the
7 data center may propose mitigation in lieu of payment,
8 including, but not limited to, sound walls, berms,
9 landscaping, altered site configuration, adjusted mechanical
10 operations, and lighting changes. The property owner may
11 accept or reject the proposed mitigation.

12 Section 40. Enforcement.

13 (a) If a developer or owner of a data center fails to
14 provide real property compensation and business loss
15 compensation in the amounts calculated under Section 30 to a
16 property owner who is eligible for compensation from the
17 developer or owner of a data center under this Act:

18 (1) a unit of local government whose jurisdiction
19 covers the data center is locating may:

20 (A) withhold building permits for the data center;

21 (B) suspend certificates of occupancy for the data
22 center; or

23 (C) deny further expansion plans for the data
24 center; and

1 (2) the Department of Revenue and Department of
2 Commerce and Economic Opportunity shall suspend
3 eligibility for State data center incentives and require
4 repayment of incentives received during the period of
5 noncompliance.

6 (b) If the developer or owner of the data center fails to
7 pay the compensation determined to be owed to the property
8 owner within 90 days of the determination under Section 30 of
9 this Act, the property owner may file a civil action to enforce
10 that determination and be reimbursed reasonable attorney's
11 fees and costs for bringing that action.

12 Section 45. No taxpayer liability. The State or a unit of
13 local government does not incur any financial obligation under
14 this Act. All compensation obligations under this Act are the
15 sole responsibility of the developer or owner of the data
16 center.

17 Section 95. Home rule. A home rule unit may not regulate
18 compensation for the adverse effects of data centers in a
19 manner inconsistent with the regulation by the State under
20 this Act. This Section is a limitation under subsection (i) of
21 Section 6 of Article VII of the Illinois Constitution on the
22 concurrent exercise by home rule units of powers and functions
23 exercised by the State.