

Frequently Asked Questions

Borden County Data Center Abatement

Updated: November 12, 2025

Updates in Red: January 19, 2026

What is a 312 Abatement Agreement?

Under Chapter 312 of the Texas Tax Code, local governments may offer property tax abatements to promote economic development. A tax abatement is an agreement between a local taxing unit and a property owner that temporarily exempts part of the property taxes owed in exchange for improvements to the property.

These agreements reduce development costs for businesses, encouraging relocation or expansion in Texas communities. In return, local governments benefit from increased property values, a broader tax base, and potential job creation.

For more information, visit the [Frequently Asked Questions](#) section on the Texas Comptroller's website.

Why would a company choose to build an AI facility in Borden County?

Borden County offers a strategic location between Midland/Odessa and Lubbock, providing convenient access to both cities. The county has multiple energy resources—natural gas, wind, and solar—essential for operating an AI data facility.

There is also ongoing growth in battery storage and solar energy infrastructure. SB Energy previously developed a solar farm in western Borden County and has already invested resources in the region.

How would the abatement benefit Borden County?

While Borden County's current budget is stable, the proposed project would provide long-term financial stability and economic opportunity.

Without an abatement, the project could easily move to another county using similar resources, leaving Borden County with no benefit. The development could also stimulate future economic growth, creating opportunities for local landowners.

Pilot Payments from the abatement could be saved and used to fund major infrastructure projects—such as a new water pipeline, Willow Road improvements, or an Emergency Services Building.

Abatements allow for reliability of income through Pilot Payments so that the receipts are stabilized and not based on appraised values which are impacted by depreciation. This reliability of income allows for planning of future expenses and improvements for the county and its citizens.

The county does not have permitting or zoning and the abatement establishes requirements and restrictions on the developer, protecting the county's interests.

Abatements allow for reliability of income, provide a framework for expectations, protect the county by establishing requirements and allow for planning. Because of consistent payments rather than variability of appraisals, the county can have a reliable consistent payment schedule leading to proper budgetary planning.

Economic Development Incentive include:

1. Increased County property and sales tax revenues and opportunities serve as a catalyst to the economy
2. Terms apply independently to Phases
3. Any permitted occupant is bound by the same agreement
4. Work in coordination with the Borden County Appraisal District and Borden County Tax Collector to determine valuations.
5. Employees and designated representatives of County will have access to the property during the term of the Agreement
6. Compliance certification submitted annually.

Consideration for County Budget Planning

Long Term Taxing Considerations

- Variability of Oil/Gas Production
- Home values and exemptions
- Tax protests
- Unfunded mandates
- Pilot Payment expirations/depreciation

Future Items of Concern

Water Pipeline Replacement \$5 - \$8 Million

Willow Valley Road/Bridge \$6.75 Million

Emergency Services Building \$5 Million

What are the data center details?

The Borden County Data Center is an Artificial Intelligence Data Center with a 250-megawatt capacity for Phase 1 (214 MW IT load).

- The facility will use a *closed-loop cooling system* requiring no daily makeup process water.
 - Developers are required to dispose of chemicals from closed loop cooling systems, using propylene glycol, following state and federal guidelines. Companies do not dump chemicals because it is tightly regulated, when drained the company is required to do the following:
 - Test and determine if waste is reusable or dispose of it following state and federal guidelines. Off site disposal of waste includes hauling to treatment plans following EPA and state environmental requirements.
- Water needs will be driven by potable and toilet needs for employees, estimated at less than 4,000 gallons of water per day per building phase
 - The developers will be utilizing a rain water collection system and are currently working to contract to lay a water pipeline from local municipalities, including one option that uses effluent water.
 - Each building phase will use approximately 4,000 gallons per day. If all 5 building phases are developed, this would be approximately 20,000 gallons per day.

- As a comparison, an irrigated cotton farm typically uses 2 - 3 acre-feet of water per acre of land per season. A 1,000 acre cotton farm would use approximately 2,500 acre-feet of water per year. This is more than 100x the data center at full buildout.
- Construction is expected to create approximately 1,800 jobs at its peak.
- Once operational, it will employ ~100 full-time staff.
 - 100 - 150 employees are expected at the end of construction. There will be 3 categories of employees. These include professionals with a masters or doctorate degree, technicians with bachelors or technical certifications and staff that will be high school/GED-qualified individuals.
- Site improvements will include new deceleration lanes and road enhancements connecting to Highway 180 to accommodate increased truck traffic.
 - Developers are creating a staging area off of the highway to prevent backup by allowing trucks to park to unload rather than “clogging” up the highway and disrupting traffic.

What is the current timeline for the Borden County Data Center Abatement Agreement?

SB Energy is preparing an abatement agreement that meets both company and county requirements.

- The intent to create a reinvestment zone is expected to be posted by December 10, 2025.
 - The reinvestment zone and abatement will be voted on January 27, 2026
- The proposal will be presented to the Borden County Commissioners Court on January 13, 2026.
 - The reinvestment zone and abatement will be voted on January 27, 2026
- Construction would begin following approval, with Phase 1 expected to take 12–18 months.
- Up to five phases are anticipated over time.

Could the abatement agreement include a rainwater harvesting system for community use?

SB Energy has confirmed that rainwater collection will be included in the project design and that excess water may be shared with the community.

However, any distribution for drinking or municipal use would require approval from the Texas Commission on Environmental Quality (TCEQ) and the Texas Water Development Board (TWDB). Borden County is currently researching the necessary steps and will provide updates as more information becomes available.

A rainwater collection system is included in the abatement.

Will this project affect land values in Borden County?

No. The abatement will not directly affect property values. Under Tax Code Section 23.01, appraisal districts must assess property at market value as of January 1 each year. Market value is determined by what a property would sell for under normal market conditions, considering its lawful uses and restrictions.

How will the company ensure that local workers and subcontractors are included?

SB Energy will host a job fair in Gail and launch a website for subcontractor registration to ensure local participation.

Will there be a “man camp” for workers?

The need for a “man camp” is still being evaluated.

How will the AI facility’s energy use affect the power grid and local electricity bills?

The Texas legislature recently passed SB6, which requires the data center pay for interconnection costs and shed load first during times of emergency.

The Electricity Reliability Council of Texas (ERCOT), the independent system operator accountable for ensuring grid reliability, studied the data center’s power use, deemed it can interconnect reliably, and approved its interconnection to the transmission grid.

Lyntegar will serve the data center directly from the ERCOT transmission grid, which will not impact Lyntegar’s other members and electric rates.

SB Energy will build additional generation and batteries to help power future phases of the data center.

Can the facility use alternative power sources such as natural gas?

Yes. The facility could use natural gas as a power source in the future, though current plans rely solely on electricity. No other fuel sources are planned.

Are hazardous materials associated with the facility?

No. Hazardous materials will not be used at the facility.

The closed loop cooling system will use PG25 (25% propylene glycol), a type of heat transfer liquid that is not considered hazardous by state and federal regulations. Further, the closed-loop system prevents emissions or environmental release and is regularly inspected and maintained by certified technicians.

All computer hardware is handled and recycled in full compliance with local, state, and federal regulations.

- Developers are required to dispose of chemicals from closed loop cooling systems, using propylene glycol, following state and federal guidelines. Companies do not dump chemicals because it is tightly regulated, when drained the company is required to do the following:
 - Test and determine if waste is reusable or dispose of it following state and federal guidelines. Off site disposal of waste includes hauling to treatment plans following EPA and state environmental requirements.

Will the AI facility benefit the local school district, given that 313 agreements are no longer available?

Yes. Although Texas no longer offers Chapter 313 agreements, the Borden County Data Center’s full property valuation will still benefit the school district and local taxpayers.

The increased property value will generate additional revenue and may lower the Interest & Sinking (I&S) tax rate. However, because Borden County ISD is considered a recapture district, much of the Maintenance & Operations (M&O) funding will be recaptured by the state under current formulas.

Following year 2, the company will work with the school and county to develop a workforce training program.

What is the cost of the project, and why is a tax abatement necessary?

Tax Code Chapter 312 abatements are designed to encourage large-scale economic development in Texas. Given the project's size and cost, a tax abatement makes construction and operation financially feasible.

Current Phase 1 Details (subject to change):

- Cost: \$5 billion
- Abatement Agreement:
 - 90% tax abatement on all property taxes for 10 years
 - 85% tax abatement on all property taxes for 10 years per phase
 - Annual Pilot Payment of at least \$1 million to Borden County
 - Annual Pilot Payment of at least \$1.4 M Per Phase and beginning in year 5, \$2.4M total for all phases
 - Annual compliance reports required
 - Approximately 100 permanent jobs upon project completion
 - 100 - 150 permanent jobs upon project completion.
 - Local workers and contractor participation encouraged
 - \$35,000 monthly payment for Emergency Services during construction before abatement agreement payments start
 - \$60,000 monthly or \$720,000 / year Emergency Medical payments throughout abatement period.
 - Rainwater collection system

Taxing Details (Projections)

- Per phase, during abatement (years 1 - 10):
 - Minimum \$1.4M Annual Pilot Payment per phase
→ Expected total payments per phase = \$18M in PILOT payments over the 10-year abatement period per phase
- Total across all phases, during abatement (years 1 - 10):
 - Minimum \$2.4M Annual Pilot Payment total across all phases, beginning in year 5
 - \$0.72M Annual Emergency Medical
→ Minimum \$2.4M + \$0.72M = \$3.12M annual payments to County beginning in year 5
- Per phase, post-abatement (years 11 - 15):

- Years 11 - 15 estimated property tax payments for phase 1: \$23M