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Data Center Backlash Reaches Municipal Credits; Investors See No Clear Pricing Premium.

Summary by AI at Octus

Political opposition to data centers is testing the financial arrangements municipalities have made to attract these facilities, raising questions about tax revenue, infrastructure costs and the longer-term credit risks facing local governments and public utilities.

Relevant Document:

[Goldman Sachs Asset Management Report \(Oct.12\)](#)

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These questions are turning data centers into a political flashpoint ahead of the midterm elections. But whether those concerns have translated into higher borrowing costs or wider municipal bond spreads remains less clear, sources told Octus.

"We have not yet seen a consistent 'data center premium' in municipal spreads," said Patrick Strollo, director of fixed income at Tolleson Wealth Management. Pricing differences are more likely to emerge "if large-load customers experience financial stress or fail to meet their contractual obligations," he said.

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reporting by Isabela Fleischmann

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