Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT
Juan Carrillo, Chair
AB 2469 (Papan) – As Amended April 8, 2026

SUBJECT: Data centers: water use disclosures

SUMMARY: Prohibits a city, including a charter city, county, or city and county (city or county) from approving construction of a new, or expansion of an existing, data center unless an applicant for a data center project provides the local agency with detailed information regarding the data center's water use and meets other requirements related to workforce and infrastructure for the data center. Specifically, **this bill**:

1) Defines "water scarcity plan" as a report that includes measures to be implemented under different drought scenarios defined by the U.S. Drought Monitor to reduce water use.

2) Defines "water use assessment" as a report that includes a description of a data center and its operations and the following information regarding water use by the data center:

    a) A detailed accounting of water intake expressed in gallons per day and total volume, including maximum and average daily demand, maximum and average monthly demand, demand over an average 12-month period, water withdrawals, phases of growth or expansion, trigger points for additional demand, full build-out and peak operation scenarios.

    b) A detailed explanation of each direct water use including specified information regarding cooling systems, humidification, potable and sanitary uses, fire suppression systems, and maintenance operations.

    c) A cooling alternatives analysis that compares the proposed cooling method to a range of alternatives including evaluation of water use at the data center and at the site of energy generation, an evaluation of impact on source water and water scarcity, and consideration of closed-loop cooling.

    d) A detailed estimate of indirect water use associated with energy production disaggregated by type.

    e) A cost of service study completed by the applicable water supplier within the last five years, or funded by the data center if none exists.

3) Prohibits a city or county from approving the construction, or expansion that increases the maximum peak water use, of a data center unless the following conditions are satisfied:

    a) The applicant has provided a water supply assessment completed pursuant to existing law governing water supply planning, as specified.

    b) The applicant has provided a water use assessment, if requested by the city, county, or city and county.

    c) The applicant, beginning January 1, 2028, has provided a water scarcity plan.

d) The applicant has provided the data center's projected and actual water use and water efficiency measures.

e) The applicant has made specified disclosures regarding workforce needs associated with the project.

f) The applicant has provided all water resource plans, water usage reports, supporting documentation, and any approvals issued by a state or local agency related to the plans or applications.

g) The project is not located in a groundwater basin designated as critically overdrafted by the Department of Water Resources (DWR). DWR may waive this prohibition upon a comprehensive assessment demonstrating the project does not pose a disproportionate risk to the health, welfare, or environment of an environmental justice community or equity investment eligible community.

h) The applicant assumes responsibility for the full cost of any required water conveyance, treatment or storage, or distribution infrastructure improvements necessary to serve the project as determined by DWR or the applicable water supplier.

4) Requires DWR, in coordination with the State Water Resources Control Board (State Water Board), to conduct necessary studies and investigations and recommend no later than June 30, 2028 a commercial, industrial, institutional (CII) water use classification system for users that qualify as large consumptive use facilities, including data centers.

5) Requires the State Water Board in coordination with DWR to adopt the CII water use classification recommended by DWR pursuant to this bill by December 31, 2029.

6) Requires each urban retail water supplier to implement the CII water use classification adopted pursuant to this bill.

7) Finds and declares that water conservation is a matter of statewide concern and is not a municipal affair as that term is used in Section 5 of Article XI of the California Constitution. Therefore, Section 1 of this act adding Section 65964.7 to the Government Code applies to all cities, including charter cities.

8) Provides that no reimbursement is required by this bill pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.

EXISTING LAW:

1) Allows cities and counties to "make and enforce within its limits, all local, police, sanitary and other ordinances and regulations not in conflict with general laws." It is from this fundamental power (commonly called the police power) that cities and counties derive their authority to regulate behavior to preserve the health, safety, and welfare of the public, including land use authority. (California Constitution, Article XI, § 7)

2) Establishes the California Energy Commission with various responsibilities with respect to developing and implementing the state's energy policies (Public Resources Code § 25000 *et seq*.).

3) Establishes the State Water Board to provide for the orderly and efficient administration of the state's water resources (Water Code § 174 *et seq*.).

4) Requires the state to achieve a 20% reduction in urban per capita water use by December 31, 2020 (20x2020 target) and requires each urban retail water supplier to establish their own target to contribute towards achieving the statewide 20% reduction goal (Water Code §§ 10608.16, 10608.20).

5) Defines "process water" as water used by industrial users to produce a product or product content or water used for research and development. Includes water used for cooling in buildings used in the manufacturing process, control rooms, data centers, laboratories, clean rooms, and other industrial facilities (Water Code § 10608.12).

6) Permits an urban retail water supplier that has a substantial percentage of industrial water use in its service territory to exclude "process water" from its calculation of its urban water use target to meet the 20x2020 target [Water Code § 10608.24(e)].

7) Requires the DWR, in coordination with the State Water Board, to conduct studies and investigations to develop recommendations for efficient water use by commercial, industrial, and institutional (CII) water users by October 1, 2021. The State Water Board shall adopt performance measures for CII water use based on these recommendations by June 30, 2022 (Water Code § 10609.10).

8) Requires a water supplier to prepare a water supply assessment for a residential, commercial, or industrial project that must undergo review under the California Environmental Quality Act (CEQA) and will use more than a specified amount of water (see discussion under Background, below). The water supply assessment must contain information regarding the project's water use and the ability of the water supplier to meet the project's water demands (Water Code § 10910 *et seq*.).

9) Requires DWR to investigate the state's groundwater basins and, among other things, identify basins that are subject to critical conditions of overdraft (Water Code § 12924).

FISCAL EFFECT: This bill is keyed fiscal and contains a state-mandated local program.

COMMENTS:

1) **Bill Summary**. This bill prohibits cities and counties from approving the construction, or expansion that increases the maximum peak water use, of a data center unless the following conditions are met:

   a) The applicant has provided a water supply assessment completed pursuant to existing law governing water supply planning, as applicable.

   b) The applicant has provided a water use assessment, if requested by the city or county.

c) The applicant, beginning January 1, 2028, has provided a water scarcity plan.

d) The applicant has provided the data center's projected and actual water use and water efficiency measures.

e) The applicant has made specified disclosures regarding workforce needs associated with the project.

f) The applicant has provided all water resource plans, water usage reports, supporting documentation, and any approvals issued by a state or local agency related to the plans or applications.

g) The project is not located in a groundwater basin designated as critically overdrafted by DWR. DWR may waive this prohibition upon a comprehensive assessment demonstrating the project does not pose a disproportionate risk to the health, welfare, or environment of an environmental justice community or equity investment eligible community.

h) The applicant assumes responsibility for the full cost of any required water conveyance, treatment or storage, or distribution infrastructure improvements necessary to serve the project as determined by DWR or the applicable water supplier.

This bill also requires DWR, in coordination with the State Water Board, to conduct necessary studies and investigations and recommend no later than June 30, 2028, a CII water use classification system for users that qualify as large consumptive use facilities, including data centers. The State Water Board, in coordination with DWR, must adopt the CII water use classification recommended by DWR pursuant to this bill by December 31, 2029. Each urban retail water supplier must implement the CII water use classification adopted pursuant to this bill.

This bill is sponsored by the author.

2) **Author's Statement**. According to the author, "California's finite water supplies are experiencing growing stress from climate change, prolonged drought, and the expansion of large consumptive water users. While the Legislature has long recognized the importance of coordinating land use decisions with available water supplies, the rapid growth of data centers has exposed gaps in existing law. Data centers represent a new kind of development that can impose significant, highly concentrated water demands on local systems.

"This gap is particularly important because data centers operate continuously and can drive substantial peak-day demand, often requiring new treatment, storage, or distribution infrastructure. Without timely and standardized information during the entitlement process, municipalities and water retailers may lack clear visibility into a project's water needs and the leverage to ensure that adequate supplies, infrastructure capacity, and conservation measures are in place prior to entering into service commitments.

"AB 2469 directly addresses these water management difficulties. AB 2469 requires meaningful water planning before local approval and protects critically overdrafted groundwater basins. In doing so, AB 2469 provides local governments and water suppliers

the information they need to evaluate data center water demand before making irreversible siting and infrastructure decisions."

3) **Planning and Approving New Development**. Planning and approving new development is mainly a local responsibility. The California Constitution allows cities and counties to "make and enforce within its limits, all local, police, sanitary and other ordinances and regulations not in conflict with general laws." It is from this fundamental power (commonly called the police power) that cities and counties derive their authority to regulate behavior to preserve the health, safety, and welfare of the public – including land use authority. Cities and counties enforce this land use authority through zoning regulations, as well as through an "entitlement process" for obtaining discretionary as well as ministerial approvals.

   The scale of the proposed development and the existing environmental setting determine the degree of local review that occurs. For larger developments, the local entitlement process commonly requires multiple discretionary decisions regarding the subdivision of land, environmental review pursuant to the California Environmental Quality Act (CEQA), design review, and project review by the local agency's legislative body (city council or county board) or by a planning commission delegated by the legislative body.

4) **Data Centers**. Data centers are buildings or facilities that "support servers, digital storage equipment, and network infrastructure for the purpose of large-scale data processing and data storage. Increasing demand for data creation, processing, and storage from existing and emerging technologies, such as online platforms/social media, video streaming, smart and connected infrastructure, autonomous vehicles, and artificial intelligence, has led to exponential growth in data center workloads and compute instances."[1]

5) **Data Centers and Water Use**. Data centers use a lot of water. This is because data centers produce tremendous heat that must be removed from the facility to maintain safety and performance. A mid-sized data center uses 300,000 gallons of water a day, enough for 1,000 households, and data centers rank among the top ten industrial and commercial water users.[2] Data centers use a variety of cooling technologies often in the same facility between which

   Not only do data centers use large volumes of water, the volume of water needed at any particular time can be irregular. Data centers use a variety of cooling technologies, either sequentially or depending on weather conditions and server load. Data center water use patterns can be irregular as a result of switching between these cooling technologies, including high demand peaks that water distribution infrastructure must be designed to accommodate, even if the average demand is far lower. Water infrastructure (both water delivery and wastewater) must be sized to accommodate these peaks in demand.

6) **"Consumptive" Water Use**. Evaporative cooling systems, like those sometimes used in data centers, are "consumptive" uses of water. Consumptive water use refers to water that is withdrawn or diverted from the environment that is made unavailable for future use because it has evaporated, transpired, been incorporated into products or crops, or otherwise been made unavailable for immediate use. In contrast, non-consumptive uses of water quickly

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[1] Md Abu Bakar Siddik, Arman Shehabi, and Landon Marston, "The Environmental Footprint of Data Centers in the United States," *Environmental Research Letters*, 16 (2021).
[2] Ibid.

return to the environment. Examples of non-consumptive use include recreation, hydroelectric power generation, or instream flow.

7) **Water Supply Assessments**. A water supply assessment is required for a proposed project with a water use that exceeds certain thresholds and is completed as part of the CEQA process. These thresholds vary depending on size and type of development and numbers of dwelling units, numbers of rooms in a hotel or motel development, or the number of employed persons in commercial developments. To complete the water supply assessment, the project proponent must provide information to municipal planning decisionmakers about the expected water use. The water supply assessment process provides the primary opportunity for public input and awareness of water use by a proposed water user.

8) **Related Legislation**. AB 2619 (Papan) requires data center developers to provide information on water use to water suppliers and local governments prior to being issued a business license and upon renewal of a business license, and requires urban water suppliers to consider data center demand in water shortage planning. AB 2619 is pending in this committee.

9) **Prior Legislation**. AB 93 (Papan) of 2025, similar to this bill, would have required a data center operator to provide its estimated or actual water use to its water supplier as a condition of obtaining or renewing a business license issued by a city or county. The Governor vetoed AB 93, stating:

   "This bill requires data centers, when applying for an initial business license, to provide to their water supplier an estimate of expected water use. It further requires data centers, when applying for a renewal of a business license, to provide their water supplier with a report on annual water use.

   "The widespread adoption of artificial intelligence technologies is driving an unprecedented demand for data center capacity throughout the nation. As the global epicenter of the technology sector, California is well positioned to support the development of this critically important digital infrastructure in the state.

   "While I appreciate the author's intent, I am reluctant to impose rigid reporting requirements about operational details on this sector without understanding the full impact on businesses and the consumers of their technology."

10) **Arguments in Support**. The California Coastkeeper Alliance writes in support, "Data centers use water for multiple purposes, including energy generation and cooling. Many facilities consume the water they use for cooling via open-loop towers, with about 80% evaporating after a single use. Additionally, because servers must be maintained at a constant temperature, these facilities' cooling needs fluctuate throughout the year depending on the weather. Water use peaks during the hottest months, when supplies are most strained. And unlike other CII facilities, data centers are 'always on.' For these reasons, data centers differ meaningfully from other CII facilities. AB 2469 acts on the need for a new water use classification for large consumptive use facilities such as data centers that addresses these differences.

"Local governments need more information to understand the nature, extent, and timing of data centers' water use, and to incorporate this information in their decisions. Missing from corporate sustainability reports is site-specific information, as well as information on facilities' peak demand. Many data centers receive potable water from municipal water systems, and small systems lack the capacity to serve large facilities. By requiring data center project applicants to assess water supply, plan for water scarcity, and report water use as conditions of project approval, AB 2469 would provide counties and cities with needed information to assess projects' impacts.

"By requiring data center project applicants to assume responsibility for the costs of water infrastructure additions required to serve their needs, AB 2469 would also ensure ratepayers do not end up bearing the costs of infrastructure they do not create demand for. This principle is consistent with the "proportional cost of service" requirement in California's Constitution. Additionally, the bill appropriately allocates risk to project applicants, ensuring that if a facility closes prematurely, water suppliers and ultimately ratepayers will not end up footing the bill for disused infrastructure."

11) **Arguments in Opposition**. California State Association of Counties, League of California Cities, and the Rural County Representatives of California, in an "oppose unless amended" position, write, "In general, we support providing more information to local government permitting authorities in order to guide the best possible decision-making outcomes for data centers. We also recognize that the rapid expansion of artificial intelligence data centers poses both potential for economic growth benefiting communities, as well as risks to local energy and water supplies. We support empowering local governments to have the best data possible for permitting these data centers, so that each community can make the land use decisions best suited to their residents.

"AB 2469, as currently written, undermines this locally-driven approach by preempting local governments from making permitting decisions in the absence of the extensive new water use assessment process mandated by the bill. Further, the bill forbids new data center projects in areas designated as a critically overdrafted groundwater basin under the Sustainable Groundwater Management Act, absent a waiver from the Department of Water Resources. The problems that this bill is seeking to address are real; the impacts on local utilities from data centers and the potential strain on depleted groundwater supplies are important to factor into land use decisions. However, taking away local authority to permit these projects undermines local governments' ability to protect and represent their communities through established permitting mechanisms and community engagement processes.

"Local governments are best suited to understand the potential costs and benefits of data center projects in their communities. The Legislature can best support communities by crafting collaborative efforts to gather more information about projects in a manner that does not unduly constrain local governments."

12) **Double-Referral**. This bill is double-referred to the Water, Parks and Wildlife Committee, where it passed on a 9-2 vote on April 14, 2026.

REGISTERED SUPPORT / OPPOSITION:

Support

California Coastkeeper Alliance

Opposition

Bay Area Council
Building Owners and Managers Association of California
Calasian Chamber of Commerce
California African American Chamber of Commerce
California Business Properties Association
California Chamber of Commerce
California Hispanic Chambers of Commerce (CHCC)
California State Association of Counties (CSAC) (unless amended)
Data Center Coalition
League of California Cities (unless amended)
Naiop California
Rural County Representatives of California (RCRC) (unless amended)
Silicon Valley Leadership Group
TechCA
TechNet

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