Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT
Juan Carrillo, Chair
AB 2619 (Papan) – As Amended April 8, 2026

SUBJECT: Water resources: data centers.

SUMMARY: 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. Specifically, **this bill**:

1) Defines the following terms:

    a) "Data Center" to mean a facility that houses computing infrastructure, including graphics and central processing units, servers, storage devices, networking equipment, and associated power and cooling systems, for the primary purpose of processing, storing, or distributing electronic data. Types of data centers include only the following:

        i) "Type I data center," also commonly known as a "hyperscale data center," means a data center with more than 10,000 servers or a power consumption of more than 25 megawatts.

        ii) "Type II data center" means a data center with a power consumption of at least 2 megawatts and no more than 25 megawatts.

        iii) "Type III data center" means a data center with a power consumption of less than two megawatts.

    b) "Water supplier" to mean either of the following:

        i) "Community water system" means a public water system that serves at least 15 service connections used by yearlong residents or regularly serves at least 25 yearlong residents of the area served by the system.

        ii) "Urban water supplier" means a supplier, either publicly or privately owned, providing water for municipal purposes either directly or indirectly to more than 3,000 customers or supplying more than 3,000 acre-feet of water annually. An urban water supplier includes a supplier or contractor for water, regardless of the basis of right, which distributes or sells for ultimate resale to customers, as specified.

2) Specifies that, prior to applying to a city or county for an initial business license, equivalent instrument, or permit, a person who owns or operate a data center shall provide its water supplier, under penalty of perjury, an estimate of the expected water use, the anticipated source of water, and the data center's projected water use volume for the maximum day, maximum month, and average year.

3) Provides that, when applying to a city or county for an initial business license, equivalent instrument, or permit, a person who owns or operates a data center shall report, under penalty of perjury, on the application, an estimate of the expected water use, the anticipated source of

water, and the data center's projected water use volume for the maximum day, maximum month, and average year.

4) Specifies that, when applying to a city or county for a renewal of a business license, equivalent instrument, or permit, a person who owns or operates a data center shall report, under penalty of perjury, the data center's annual water use for the preceding calendar year, including total water use, direct water use, and indirect water use. As part of the direct water use reporting, the owner or operator shall report the cooling system type of the data center. For purposes of this provision:

    a) "Direct annual water use" means the volume of water withdrawn, delivered, or otherwise used onsite for data center operations, including cooling, sanitation, irrigation, and any other operational use, identified by source, including potable water, nonpotable water, or recycled water.

    b) "Indirect water use" means the volume of water withdrawn for the purpose of generating the electricity consumed by the data center.

    c) "Total water use" means the sum of direct water use and indirect water use.

5) Provides that, on or before January 1, 2029, the Department of Water Resources (DWR) and the State Energy Resources Conservation and Development Commission (Energy Commission) shall develop guidelines and best practices to maximize the efficient use of natural resources to address the developing and emerging needs of technology in California that are consistent with specified urban water use objectives and the Energy Star program of the United States Environmental Protection Agency, as that program existed on January 1, 2025, to the extent that the Energy Star program is applicable to water usage.

6) Requires, pursuant to 5), above, best practices to include, but not be limited to, all of the following:

    a) The use of closed-loop systems.

    b) The use of nonpotable water.

    c) The installation of rainwater and stormwater capture infrastructure.

    d) Water-efficient practices for indoor and outdoor water use.

    e) Water efficient practices need to be scalable and increased for type I and type II data centers, as defined.

    f) Location, design, construction, and capacity of cooling water intake structures reflecting the best technology available for minimizing adverse environmental impact.

7) Requires, on or before January 1, 2029, DWR, in coordination with relevant state agencies, to develop guidance that cities and counties may use for assessing projected water use, water efficiency measures, and cumulative water resources impacts of proposed data centers within the context of local and regional water management objectives.

8) Requires every urban water supplier to include data center demand as a data input in the urban water supplier's water shortage contingency plan.

9) Requires urban water suppliers to include information about data center demand in their annual water shortage assessment report to DWR.

10) Finds and declares that water conservation is a matter of statewide concern and is not a municipal affair. Therefore, Section 2 of this bill applies to all cities, including charter cities.

11) Provides that no reimbursement is required by this bill 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 or because costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, or changes the definition of a crime.

12) Contains other findings and declarations to support its purposes.

EXISTING LAW:

1) Authorizes the legislative body of an incorporated city or a county board of supervisors to license businesses within their respective jurisdictions and to set license fees, as specified (Business and Professions Code §§ 16000, 16100).

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).

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

COMMENTS:

1) **Bill Summary.** This bill requires a person who owns or operates a data center to provide its water supplier, under penalty of perjury, an estimate of its expected water use. This bill also requires a person who owns or operates a data center, when applying to a city or county for an initial business license, equivalent instrument, or permit, to provide, under penalty of perjury, on the application, an estimate of the expected water use. If the data center is applying for a renewal of a business license, equivalent instrument, or permit, the data center must provide, under penalty of perjury, a report of its annual water use.

   This bill would require DWR and the Energy Commission, on or before January 1, 2029, to develop guidelines and best practices to maximize the efficient use of natural resources to address developing and emerging trends of technology in California. This bill also requires, on or before January 1, 2029, DWR, in coordination with other state agencies, to develop guidance that cities and counties can use for assessing projected water use, water efficiency measures, and cumulative water resource impacts of proposed data centers.

   Lastly, this bill requires every urban water supplier to include data center demand as a data input in the urban water supplier's water shortage contingency plan, and it requires urban water suppliers to include information about data center demand in its annual water shortage assessment report to DWR.

   This bill is sponsored by the author.

2) **Author's Statement.** According to the author, "California's water supply is finite, and recent droughts have made clear that we must plan smarter for the demands of a changing climate. At the same time, California is experiencing rapid growth in data centers that operate around the clock and rely on a dependable water supply. While California has long required reporting from water users to support sound, comprehensive planning, there remains a gap in transparency when it comes to data centers, leaving local governments and water agencies without consistent information about their water demands.

   "AB 2619 is about transparency, preparedness, and responsible growth. This bill ensures that local governments and water suppliers have the information they need to plan for new development without compromising water reliability for residents, agriculture, and businesses. It requires data centers to report their water use through the existing business licensure process, directs the Department of Water Resources to develop practical efficiency guidance, and integrates data center demand into drought and water supply planning.

   "California has always led the nation in both innovation and water stewardship. AB 2619 continues that tradition by making sure our policies keep pace with emerging technologies while protecting our most precious resource."

3) **Business Licenses.** Existing statutes dating back to 1901 have empowered both counties and cities to license businesses for the purpose of regulation. The California Constitution allows

a city or county to "make and enforce within its limits, all local, police, sanitary and other ordinances and regulations not in conflict with general laws," known as police powers. It is from this fundamental power that local governments derive their authority to regulate behaviors, business operations, and land uses. Local agencies also use this "police power" to abate nuisances and protect public health, safety, and welfare.

As an extension of the police power, state law allows local governments to require businesses operating in their jurisdictions to obtain a license and impose related licensing fees. Local governments license businesses for a lot of reasons: to identify individuals operating businesses in their jurisdictions, to ensure compliance with other local laws, to facilitate contact in case a problem arises, and to raise money to support public services that support those businesses.

Business license application and renewal processes vary throughout the state. Some cities use an "over-the-counter" ministerial process when issuing business licenses. While most cities and counties require businesses to operate under a business license, some cities and counties do not issue business licenses at all, including San Diego County. Some cities, like San Diego, issue business tax certificates rather than business licenses. In these jurisdictions, once businesses pay an annual tax for the benefit of operating in the city, the city issues the certificate.

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] Data centers use a lot of water. This is because, "Like cooling systems in large office buildings, water often is evaporated in data center cooling towers, leaving behind salty wastewater known as blowdown that has to be treated by local utilities."[2] 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.[3]

5) **Related Legislation.** AB 2469 (Papan) prohibits a city, county, or city and county from approving a discretionary or ministerial permit or other entitlement that would result in the construction, or an expansion that increases the maximum peak water use, of a data center unless specified conditions are satisfied, including, among others, that the applicant provides the city, county, or city and a county prescribed information. This bill is currently in the Assembly Local Government Committee.

6) **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

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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] https://www.npr.org/2022/08/30/1119938708/data-centers-backbone-of-the-digital-economy-face-water-scarcity-and-climate-ris
[3] Ibid.

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."

7) **Arguments in Support.** According to the California Coastkeeper Alliance, "Data center construction, spurred by the artificial intelligence boom, is rapidly accelerating. But oversight has not kept pace with development, and local entities often lack critical information to help them decide whether to approve a project in their area. In particular, data centers' water use is not transparent. As decisionmakers encounter proposals for new, large facilities, they must be able to understand and assess the demand these facilities impose on water supplies. "AB 2619 would address this issue by requiring a data center owner or operator to provide the relevant local entity with information about the facility's water use both before and when applying for a business license. This information would include how much water the data center is expected to use, the source of that water, projected peak use on a daily and monthly basis, and projected average yearly use. AB 2619 would also provide much-needed clarity on how much water data centers actually use (both directly, for cooling and other operational purposes, and indirectly, for power generation) by requiring facility owners or operators to report on water use during the preceding year when applying to renew a business license.

"In addition, AB 2619 would put data centers on track to implement efficient and site-appropriate cooling technologies by directing state agencies to develop guidelines and best practices. There is wide variation in technologies used to cool data centers, and companies often consider water availability as a secondary priority to energy and real estate costs when making siting decisions. Many data centers currently use open-loop cooling towers to keep equipment at a regulated temperature. Water use from this type of cooling system is substantial, and the use is consumptive because most water evaporates from the cooling towers after a single pass through the system. California has recognized in other contexts, for example in its Once-Through Cooling Policy, that this type of cooling does not represent 'best technology available.' This bill would move data centers toward water efficiency by including closed-loop systems (which reuse cooling water) and nonpotable water in future best practices.

"Currently, the burden of decisionmaking and oversight for data center projects falls primarily on local entities. AB 2619 would support local capacity building to evaluate the water-related impacts of project proposals by directing the Department of Water Resources and other state agencies to develop guidance for cities and counties to use.

"Finally, AB 2619 would integrate data centers into urban water planning, requiring that data center demand be added to the supply and demand assessment and water shortage contingency plan portions of Urban Water Management Plans. This would ensure that data centers' water use is not only understood but also incorporated into planning for anticipated shortages."

8) **Arguments in Opposition.** According to a coalition in opposition to this bill, "The servers, IT equipment, and other hardware housed in a data center generate a significant amount of heat. If that heat is not dissipated, that equipment can overheat and fail, leading to vast and costly disruptions to critical services. There is no one-size-fits-all solution for cooling, and the best approach often depends on local factors such as water stress analysis, humidity, climate, temperature, and the availability of water, including recycled, nonpotable, or reclaimed sources.

"…Rather than imposing disparate reporting and efficiency best practices on data centers, a more equitable approach would acknowledge that data centers are just one water consumer among many diverse industries. Data center operators are actively prioritizing responsible water use through operational best practices and innovative development strategies, often collaborating with local authorities and conservation organizations on water restoration and reclamation projects. A December 2024 report by Virginia's Joint Legislative Audit & Review Commission (JLARC) confirmed that in Virginia, home to the world's largest data center market, data center water usage is currently sustainable, and the state ensures future sustainability through regulation. The report also noted that in 2023, 83% of data centers in Virginia used the same amount of water (or less) than the average large office building. And data from Bluefield Research finds that data centers were estimated to use approximately 39 billion gallons of water per year (BGY) in 2025. For comparison, this data also shows that 2,500 BGY is lost to utility leakage, while the food and beverage industry uses 533 BGY and the semiconductor industry uses 59 BGY.

"…The proposed water reporting requirements could force businesses to disclose sensitive tradesecrets, harm their competitive edge, and risk creating safety and security vulnerabilities. Data centers may provide digital infrastructure for one occupant or tenant, multiple tenants, or even hundreds of tenants in a single facility. These tenants include a range of essential services such as federal, state, and local government agencies, law enforcement, fire and rescue services, cybersecurity, hospitals, banking, stock markets, and many others. They are repositories of vast amounts of sensitive information, including financial data, personal information, and valuable intellectual property. Data centers also support other critical infrastructure such as power grids and transportation systems.

"Mandating the disclosure of detailed proprietary and sensitive operational details indicating computer workloads, such as energy consumption and changes, water consumption and changes, water sourcing, and other elements, can be used by business competitors to deduce trade secrets and inform competitive strategies. Sharing this information may leave this critical infrastructure more exposed to cyber threats, industrial espionage, and potential exploitation by foreign adversaries."

9) **Double-Referral.** This bill is double-referred to the Water, Parks, and Wildlife Committee, where it passed on 10-2 vote on April 15, 2026.

REGISTERED SUPPORT / OPPOSITION:

Support

California Coastkeeper Alliance
California Initiative for Technology & Democracy
Santa Clara Valley Water District

Opposition

Associated General Contractors, California Chapters (unless amended)
Bay Area Council
Building Owners and Managers Association of California
CalAsian Chamber of Commerce
Cal Broadband (unless amended)
California African American Chamber of Commerce
California Business Properties Association
California Chamber of Commerce
California Hispanic Chambers of Commerce
CTIA (unless amended)
Data Center Coalition
NAIOP California
Silicon Valley Leadership Group
TechCA
TechNet
United State Telecom Association (unless amended)

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