

---

# SENATE COMMITTEE ON LOCAL GOVERNMENT

Senator María Elena Durazo, Chair

2025 - 2026 Regular

---

**Bill No:** AB 2469  
**Author:** Papan  
**Version:** 6/15/26

**Hearing Date:** 7/1/26  
**Fiscal:** Yes  
**Consultant:** Peterson

## ***DATA CENTERS: WATER USE DISCLOSURES***

*Prohibits a city or county from approving a discretionary or ministerial permit or entitlement that would result in construction or expansion that increases the maximum peak water use of a data center unless the data center meets specified conditions.*

### **Background**

Planning and approving new housing 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.

***Planning and Zoning Law.*** State law provides additional powers and duties for cities and counties regarding land use. The Planning and Zoning Law requires every county and city to adopt a general plan that sets out planned uses for all of the area the plan covers. Cities’ and counties’ major land use decisions—including most zoning ordinances and other aspects of development permitting—must be consistent with their general plans.

***Water supply planning for new development.*** An urban water supplier with more than 3,000 customers must adopt an urban water management plan (UWMP). An important component of a UWMP is an assessment of water service reliability during normal, dry, and multiple-dry years. Part of that analysis requires information about the availability of groundwater supplies.

Cities and counties must consider information provided by water suppliers when they act on proposals for large-scale residential, commercial, hotel, industrial, or mixed-use projects (SB 901, Costa, 1995). Every large-scale development project—proposing 500 or more new connections or an equivalent size for other uses—must have a water supply assessment (WSA) (SB 610, Costa, 2001), prepared according to the following process:

- First, a city or county, at the time that it determines that a development is subject to the California Environmental Quality Act (CEQA), must identify any water system that may supply water for the project;
- If the proposed project was included in the UWMP of one of the identified systems, the water system prepares the WSA for the project; and
- If the projected demand was not accounted for, or the city or county was not able to identify a water system to serve the project, the city or county prepares the assessment, in

consultation with the local agency formation commission and other relevant water systems.

A WSA must identify any existing water supply entitlements, water rights, or water service contracts relevant to the identified water supply for the proposed project, and describe the quantities of water received in prior years by the public water system or the city or county through its water rights or other sources.

If a water supply for a proposed project includes groundwater, the WSA must include additional information, including a description of any groundwater basins that will supply the project, the court or SWRCB order if the basin is adjudicated, and an analysis of the sufficiency of the groundwater from the basin or basins. Following the enactment of the Sustainable Groundwater Management Act (SGMA) in 2014, which comprehensively reformed California's groundwater laws, the Legislature updated the requirements for projects that rely on groundwater to integrate SGMA and the WSA statutes.

If, as a result of its WSA, the water system, or city or county if it is preparing the WSA, concludes that its water supplies are, or will be, insufficient, it must provide plans for acquiring additional water supplies, and set forth the measures that are being undertaken to acquire and develop those water supplies.

The WSA must be completed within 90 days of the request by the city or county, but the water system may request a 30 day extension. Once completed, the WSA must be incorporated into the analysis of the project under the California Environmental Quality Act (CEQA).

**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.”<sup>1</sup> Data centers use a lot of water. This is because, “[l]ike 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.”<sup>2</sup> 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.<sup>3</sup>

The author wants to require local agencies to consider more information before they approve or expand data centers.

---

<sup>1</sup> Md Abu Bakar Siddik, Arman Shehabi, and Landon Marston, “The Environmental Footprint of Data Centers in the United States,” *Environmental Research Letters*, 16 (2021).

<sup>2</sup> <https://www.npr.org/2022/08/30/1119938708/data-centers-backbone-of-the-digital-economy-face-water-scarcity-and-climate-ris>

<sup>3</sup> *Ibid.*

### **Proposed Law**

Assembly Bill 2469 prohibits a city or county from approving a discretionary or ministerial permit or entitlement that would result in construction or expansion that increases the maximum peak water use of a data center unless all the following conditions are met:

- The applicant has provided the city or county all the following:
  - A water supply assessment if applicable; and
  - Upon request of the city or county, a water use assessment for the construction or expansion;
  - Beginning January 1, 2028, a water scarcity plan;
  - Projected water use and water efficiency measures; and
  - Specified disclosures regarding workforce needs associated with the project.
- 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 the Department of Water Resources (DWR) or the applicable water supplier.

DWR, in coordination with the State Water Resources Control Board (SWRCB), must conduct necessary studies and investigations before recommending, no later than June 30, 2028, a water use classification system for large-consumptive use facilities, including data centers, distinct from other water uses.

The SWRCB, in coordination with DWR, must adopt the classification for water use on or before December 31, 2029. Each urban retail water supplier must implement this classification.

AB 2469 defines its terms.

### **Comments**

1. Purpose of the bill. 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.”

2. Home rule. State law leaves many decisions about how local agencies approve projects up to the local agencies themselves. This ensures that important decisions, like whether to locate a data center in their jurisdiction, are made by the local agencies that most directly reflect the community's values. Instead, AB 2469 mandates a statewide project approval process for data centers. AB 2469 does not prohibit a local agency from approving a data center, but it does require it to receive more comprehensive information than many other projects before it can approve it. This could make approving data centers more difficult or more time consuming. Additionally, creating a process that satisfies AB 2469's requirements may be more costly for local agencies to implement, which local agencies will likely have to pass on to permit applicants. While AB 2469 does so in an effort to further important water conservation goals, local agencies may have a better sense of what information they need to make informed decisions about local water needs for data centers than the State Legislature. The Committee may wish to consider whether decisions over how to approve data centers are better left up to local agencies.

3. Tell me more? AB 2469 requires data centers, as a condition of local approval, to assume responsibility for the *full cost* of any required water conveyance, treatment or storage, or distribution infrastructure improvements necessary to serve the project. However, the measure does not specify exactly how DWR or the water supplier is supposed to calculate the *full cost*, which leaves open some questions about what costs the data center is responsible for paying. Some common costs that developers pay are connection fees and capacity charges. A local agency assesses a connection fee when it physically connects a structure to the water or sewer system, which pays for the physical facilities necessary to make a water connection or sewer connection, such as meters, meter boxes, pipelines, and the estimated reasonable cost of labor and materials for their installation of those facilities. A local agency assesses a capacity charge on the customer to cover the proportional cost of maintaining or constructing system wide infrastructure necessary to meet the additional water or sewer demand for new users of the system. When a local agency imposes water or sewer connection fees or capacity charges, the fees or charges cannot exceed the estimated reasonable cost of providing the service without the fee becoming a tax requiring 2/3 voter approval. If a data center pays a required capacity charge, does that count as paying the *full cost* of any required water conveyance, treatment or storage, or distribution infrastructure improvements necessary to serve the project? The Committee may wish to consider whether AB 2469 provides sufficient direction to water suppliers and data centers as far as what costs they are subject to paying.

4. The times they are a changin'. The Senate Committee on Rules has ordered a double referral of AB 2469: first to the Committee on Natural Resources and Water, which approved AB 2469 at its June 23<sup>rd</sup> hearing on a vote of 4-1, and second to the Committee on Local Government. At its hearing, the Committee on Natural Resources and Water approved the measure with committee amendments to limit the contents of the water use assessments. Due to timing, the Committee on Natural Resources and Water requested that these amendments be taken as committee amendments in the Committee on Local Government.

In addition, the author has requested the Committee adopt author amendments to:

- Clarify that the measure's water supply assessment provisions do not alter a project's applicability to the California Environmental Quality Act;
- Clarify that, even if the city or county receives all the necessary information, they do not have to approve a data center project; and

- Replace provisions requiring DWR to create a classification system for large-consumptive use facilities with a requirement to develop a definition and estimate of annual water consumption for these users.

5. Related legislation. AB 2619 (Papan) requires data center owners to submit specified information on water use when they apply for a local business license or renew an existing one. The measure is also scheduled for the Committee’s July 1<sup>st</sup> hearing.

6. Charter city. AB 2469 says that its statutory provisions apply to charter cities. To support this assertion, the bill includes a legislative finding and declaration that water conservation is a matter of statewide concern, not a municipal affair. Because the Constitution does not define “municipal affairs,” the courts determine whether a topic is a municipal affair or whether it is an issue of statewide concern.

7. Mandate. The California Constitution requires the state to reimburse local governments for the costs of new or expanded state mandated local programs. Because AB 2469 imposes new duties on local governments, Legislative Counsel says it imposes a new state mandate. AB 2469 disclaims the state’s responsibility for providing reimbursement by citing local governments’ authority to charge for the costs of implementing the bill’s provisions.

**Assembly Actions**

Assembly Water, Parks, and Wildlife Committee:	9-2
Assembly Local Government Committee:	8-2
Assembly Appropriations Committee:	11-4
Assembly Floor:	61-14

**Support and Opposition** (6/26/26)

Support: 7th Generation Advisors  
 California Coastal Protection Network  
 California Coastkeeper Alliance  
 California Environmental Voters  
 Center for Biological Diversity  
 Center for Public Environmental Oversight  
 Clean Water Action  
 Cleaneearth4kids.org  
 Community Water Center  
 Community Alliance With Family Farmers  
 Fix the World Consulting, LLC  
 Los Angeles Waterkeeper  
 Nrdc  
 Planning and Conservation League  
 Resource Renewal Institute  
 Sierra Club California

Opposition: Bay Area Council  
 Building Owners and Managers Association of California  
 Calasian Chamber of Commerce

Calbroadband  
California African American Chamber of Commerce  
California Business Properties Association  
California Chamber of Commerce  
California Hispanic Chambers of Commerce (CHCC)  
California Manufacturers & Technology Association (CMTA)  
California State Association of Counties (CSAC)  
Data Center Coalition  
League of California Cities  
Naiop California  
Rural County Representatives of California (RCRC)  
Silicon Valley Leadership Group (SVLG)  
Techca  
Technet

**-- END --**