
THIRD READING

Bill No: AB 2469
Author: Papan (D)
Amended: 8/27/26 in Senate
Vote: 21

SENATE NATURAL RES. & WATER COMMITTEE: 4-1, 6/23/26

AYES: Becker, Allen, Laird, Stern

NOES: Seyarto

NO VOTE RECORDED: Cabaldon, Grove

SENATE LOCAL GOVERNMENT COMMITTEE: 5-2, 7/1/26

AYES: Durazo, Arreguín, Ashby, Cervantes, Laird

NOES: Choi, Seyarto

ASSEMBLY FLOOR: 61-14, 5/27/26 - See last page for vote

SUBJECT: Data centers: water use disclosures

SOURCE: Author

DIGEST: This bill imposes requirements on cities and counties to meet before they can issue permits to proposed data center projects.

Senate Floor amendments of 8/27/26 inserted a severability clause into the bill to ensure that if one provision is determined to be invalid, that determination would not invalidate the entire bill.

ANALYSIS:

Existing law:

- 1) Requires a water supplier to prepare a water supply assessment for residential, commercial, or industrial projects that must undergo review under the California Environmental Quality Act (CEQA) and will use more than a specified amount of water.

- 2) Allows cities and counties to make and enforce “all local, police, sanitary and other ordinances and regulations not in conflict with general laws.” It is from this fundamental state constitutional 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.
- 3) Requires the state to reduce urban per capita water use by 20% December 31, 2020, and requires each urban retail water supplier to establish their own target to help meet the statewide 20% reduction goal.

This bill:

- 1) Prohibits a city or county from approving a permit or other entitlement that would result in the construction or expansion of a data center that increases the maximum peak water use unless:
- 2) 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 water supplier.
- 3) The applicant has provided the city or county with:
 - i) A water supply assessment;
 - ii) As of January 1, 2028, a water scarcity plan;
 - iii) Projected water use and water efficiency measures; and
 - iv) Disclosures regarding workforce needs associated with the project.
- 4) States this bill should not be construed to require a city or county to approve any permit request from a data center solely because the applicant has complied with this bill’s provisions.
- 5) Includes a severability clause, stating that if a provision requiring a data center project applicant to assume full responsibility for the cost of any water conveyance, treatment, storage, or distribution infrastructure improvements necessary to serve the project is found to be invalid, that shall not invalidate the remaining provisions of this bill.

Background

Data centers. Data centers are facilities that support information technology servers, digital storage equipment, and network infrastructure for 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.

Cooling technology and water demand. Data centers can have substantial and sometimes irregular demands for cooling water. All computer chips produce heat as waste energy from the electricity flowing through them. While this heat is minimal in the context of a personal computer, data centers made up of thousands of servers produce an immense amount of heat that needs to be removed from the facility to maintain safety and performance. To manage this heat, data centers use a variety of cooling technologies, including:

- Air-based cooling.
- Chilled water systems
- Evaporative cooling systems.
- Liquid cooling.
- Economization technologies.

Many data centers combine several technologies and the blend of possible technologies introduces tradeoffs between electricity and water use (and between onsite and offsite water use).

Implications for water infrastructure. Data centers – like all businesses, residential customers, and other water users – need a reliable water supply. Absent reliable information about expected usage, water suppliers must make infrastructure decisions based on estimates and projections that may or may not come true, meaning they could wind up under- or over-building water supply systems.

Improving planning and coordination. Better data about water use, whether during the water supply assessment process or based on research data from across the sector, would help local water agencies better plan to meet actual needs. Local water utilities could work with data centers to understand the times of highest demand and collaborate on strategies to deliver water supply reliability.

The risk of stranded or overbuilt assets can be mitigated by requiring new large customers to pay for necessary water infrastructure upgrades as part of the connection process, potentially extending beyond traditional connection fees to include upgrades to mains, pumping stations, and other needed infrastructure.

CII water use. A 2022 Department of Water Resources (DWR) study on commercial, industrial, and institutional (CII) water use recommended performance measures to the State Water Resources Control Board (SWRCB) to improve water use efficiency in the CII sector, one of which was to require urban retail water suppliers to classify their CII users by one of 19 user types (e.g., manufacturing/industrial, technology/science, etc.). The SWRCB incorporated this recommendation into regulations, requiring urban retail water suppliers to classify CII users into one of 22 categories by June 30, 2027.

Comments

Purpose of the bill. According to the author, “California’s finite water supplies are under 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 before service commitments are made

“AB 2469 directly addresses this problem. The bill requires meaningful water planning before local approval and directs state agencies to better identify and manage large consumptive water users. In doing so, AB 2469 gives local governments and water suppliers the information they need to evaluate data center water demand before irreversible siting and infrastructure decisions are made.”

Seeing the whole field – for one sector. This bill requires data centers to submit certain information to a city or county before the city or county can issue an entitlement for the project. This information includes a water supply assessment, a water scarcity plan, and projected water use and water efficiency plan – accompanied by certain disclosures regarding workforce needs of the project.

However, this bill doesn’t apply these same requirements to other CII sectors or users with similar water demands. So, while this bill will provide cities, counties, and water suppliers with more information about projected water demand, they still

will not have a complete picture since this measure only applies to a slice of the state's largest water users.

Similarly, this bill's requirement to create a "water scarcity plan" detailing how water users will reduce their usage if asked or required to only applies to data centers.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

According to the Senate Appropriations Committee's analysis, the bill will impose minor costs on DWR and the SWRCB.

SUPPORT: (Verified 8/27/26)

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 Alliance With Family Farmers
Fix the World Consulting, LLC
Los Angeles Waterkeeper
Planning and Conservation League
Resource Renewal Institute
Sierra Club California

OPPOSITION: (Verified 8/27/26)

Bay Area Council
Building Owners and Managers Association of California
CalAsian Chamber of Commerce
California African American Chamber of Commerce
California Broadband & Video Association
California Business Properties Association
California Chamber of Commerce
California Hispanic Chamber of Commerce
California State Association of Counties
Data Center Coalition
League of California Cities

NAIOP California
Rural County Representatives of California
Silicon Valley Leadership Group (SVLG)
TechCA
TechNet

ASSEMBLY FLOOR: 61-14, 5/27/26

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Connolly, Elhawary, Fong, Gabriel, Garcia, Gipson, Jeff Gonzalez, Mark González, Haney, Harabedian, Hart, Irwin, Jackson, Kalra, Krell, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ward, Wicks, Wilson, Zbur, Rivas

NOES: Castillo, Chen, DeMaio, Dixon, Ellis, Flora, Hadwick, Hoover, Johnson, Patterson, Ta, Tangipa, Valencia, Wallis

NO VOTE RECORDED: Bains, Davies, Gallagher, Lackey, Celeste Rodriguez

Prepared by: Evan Goldberg / N.R. & W. / (916) 651-4116
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