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# SENATE COMMITTEE ON LOCAL GOVERNMENT

Senator María Elena Durazo, Chair

2025 - 2026 Regular

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**Bill No:** AB 2619  
**Author:** Papan  
**Version:** 6/15/26

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

## ***WATER RESOURCES: DATA CENTERS***

*Requires data center owners to submit specified information on water use when they apply for a local business license or renew an existing one.*

### **Background**

**Local business licensing.** 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 the police power of cities.” 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 lets local governments require businesses operating in their jurisdictions to obtain a license and impose related licensing fees. If a business operates in multiple jurisdictions, the fees imposed by any one jurisdiction are supposed to fairly reflect the amount of business that goes on in that jurisdiction. Local governments license businesses for lots 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.

While most cities and counties require businesses to operate under a business license, some counties do not require business licenses for businesses operating in unincorporated areas. For example, both Sonoma and San Diego counties do not require business licenses for businesses operating in these areas.

**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, “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.”<sup>2</sup> A mid-sized data center uses 300,000 gallons of water a day, enough for

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<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>

1,000 households, and data centers rank among the top ten industrial and commercial water users.<sup>3</sup>

To better understand data center water usage in California, the author wants to collect more information on data center water usage when they apply for, or renew, their business licenses.

### **Proposed Law**

Assembly Bill 2619 requires a data center owner, prior to applying for an initial business license, to provide its water supplier with an estimate of the expected water use.

When the owner applies for an initial business license from a city or county, they must provide 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.

When the owner applies for a business license renewal, it must report the data center's annual water use for the preceding calendar year, including total water use, direct water use, indirect water use, and the cooling system type of the data center.

AB 2619 requires, on or before January 1, 2029, the Department of Water Resources (DWR) and the State Energy Resources Conservation and Development Commission to develop guidelines and best practices regarding data center water usage. On or before January 1, 2029, DWR, in coordination with other relevant state agencies, must develop guidance that cities and counties may use for assessing projected water use, water efficiency measures, and cumulative water resource impacts of proposed data centers within the context of local and regional water management objectives.

### **Comments**

1. Purpose of the bill. 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."

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<sup>3</sup> Ibid.

2. Another bite at the apple. Last year, the Legislature enacted AB 93 (Papan), which included similar reporting requirements. Governor Newsom vetoed the legislation with the following message:

I am returning Assembly Bill 93 without my signature.

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.

For this reason, I cannot sign this bill.

AB 2619 differs from AB 93 in a few ways. Specifically, it requires data centers to submit additional information on their expected and actual water use. Second, it restores a requirement for DWR to provide guidance to local agencies in assessing water use. This provision was initially in AB 93, but later amended out of the bill. It is unclear whether these changes address the concerns the Governor expressed in his AB 93 veto message.

3. Costs versus benefits. AB 2619 requires cities and counties to ask for new information in their business license applications to ascertain if data center owners sent water usage information to their water suppliers. This requires them to update their application processes. Local agencies may have to increase business license costs to comply with this new requirement. However, the measure does not require local agencies to do anything with this information: they just have to collect it. While interested parties could request this information, unless they do, it may collect dust in local agencies' file cabinets. While data centers' water usage is worthy of scrutiny, it is unclear how the benefits of incorporating reporting in the local government business license process outweigh the costs to local agencies and businesses to implement it.

4. Sure, but will it work? Since local agencies manage business licenses at the local level, jurisdictions vary in the requirements that they impose and even whether or not a particular business is required to obtain a license. For example, businesses in unincorporated areas that do not require a business license would not be subject to this new requirement, which means AB 2619 may not successfully ensure that all data centers report to their water suppliers.

5. The times they are a changin'. The Senate Committee on Rules has ordered a double referral of AB 2619: first to the Committee on Natural Resources and Water, which approved AB 2619 at its June 23<sup>rd</sup> hearing on a vote of 5-2, and second to the Committee on Local Government. At its hearing, the Committee on Natural Resources and Water approved the measure with the following amendments:

- Replace references to “estimates” with “good faith estimates”; and
- Remove references to indirect water use.

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.

6. Related legislation. AB 2469 (Papan) 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. The measure is also scheduled for the Committee’s July 1<sup>st</sup> hearing.

7. Charter city. AB 2649 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.

8. Mandate. The California Constitution requires the state to reimburse local governments for the costs of new or expanded state mandated local programs. Because AB 2649 imposes new duties on local governments, Legislative Counsel says it imposes a new state mandate. AB 2649 disclaims the state’s responsibility for providing reimbursement by citing local governments’ authority to charge for the costs of implementing the bill’s provisions and because the bill creates a new crime.

**Assembly Actions**

Assembly Water, Parks, and Wildlife Committee:	10-2
Assembly Local Government Committee:	8-2
Assembly Appropriations Committee:	11-4
Assembly Floor:	61-15

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

Support: 7th Generation Advisors  
 California Coastal Protection Network  
 California Coastkeeper Alliance  
 California Initiative for Technology & Democracy, a Project of California Common CAUSE  
 Center for Biological Diversity  
 Center for Public Environmental Oversight  
 Clean Water Action  
 Cleaneearth4kids.org  
 Community Water Center  
 Fix the World Consulting, LLC  
 Los Angeles Waterkeeper  
 Nrdc  
 Planning and Conservation League  
 Resource Renewal Institute  
 Restore the Delta

Sierra Club California  
The Greenlining Institute

Opposition: Associated General Contractors, California Chapters  
Bay Area Council  
Building Owners and Managers Association of California  
Calbroadband  
Calasian Chamber of Commerce  
California African American Chamber of Commerce  
California Business Properties Association  
California Hispanic Chambers of Commerce (CHCC)  
California Manufacturers & Technology Association (CMTA)  
CTIA - the Wireless Association  
Data Center Coalition  
Naiop California  
Silicon Valley Leadership Group (SVLG)  
Techca  
Technet  
United States Telecom Association DbA Ustelecom - the Broadband Association  
Ustelecom- the Broadband Associatioin

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