SENATE RULES COMMITTEE AB 2619

Office of Senate Floor Analyses

(916) 651-4171

THIRD READING

Bill No: AB 2619

Author: Papan (D)

Amended: 7/2/26 in Senate

Vote: 21

SENATE NATURAL RES. & WATER COMMITTEE: 5-2, 6/23/26

AYES: Becker, Allen, Cabaldon, Laird, Stern

NOES: Seyarto, Grove

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

AYES: Durazo, Arreguín, Ashby, Cervantes, Laird

NOES: Seyarto

NO VOTE RECORDED: Choi

SENATE APPROPRIATIONS COMMITTEE: 5-2, 8/13/26

AYES: Cervantes, Cabaldon, Grayson, Richardson, Wahab

NOES: Seyarto, Dahle

ASSEMBLY FLOOR: 61-15, 5/27/26 - See last page for vote

SUBJECT: Water resources: data centers

SOURCE: Author

DIGEST: Imposes new requirements on data centers that apply for business licenses. Also requires the Department of Water Resources (DWR) and the State Energy Resources Conservation and Development Commission (CEC) to develop guidelines and best practices to maximize the efficient use of natural resources.

ANALYSIS:

Existing law:

1) Authorizes cities and counties to require businesses to be licensed.

2) Gives the CEC certain responsibilities to develop and implement the state's energy policies.

3) Requires the State Water Resources Control Board (SWRCB) to provide for the orderly and efficient administration of the state's water resources.

4) Requires the state to achieve a 20% reduction in urban per capita water use by December 31, 2020, and requires each urban retail water supplier to establish its own target to help the state meet this goal.

5) Requires DWR, in coordination with the SWRCB, 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 SWRCB was required to adopt performance measures for CII water use based on these recommendations by June 30, 2022.

6) Requires urban water suppliers to adopt and update an urban water management plan describing how much water the agency has on a reliable basis, how much it needs for the foreseeable future, its strategy to meet its water needs, the challenges facing the agency, and other information.

7) Requires the urban water management plan to include a water shortage contingency plan which includes, among other things, current year unconstrained demand.

This bill:

1) Creates definitions for "data center," "Type I data center," "Type II data center," "Type III data center," "water supplier," and "direct annual water use."

2) Requires a data center owner or operator to, *before applying* to a city or county for an initial business license, provide its water supplier – under penalty of perjury – with a good faith 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) Requires a data center owner or operator to, *when applying* to the city or county for an *initial* business license, report – under penalty of perjury – a good faith 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) Requires a data center owner or operator to, when applying to *renew* any business license, report – under penalty of perjury – the data center's total water and direct water use for the preceding calendar year. The report must also include the cooling system type of the data center.

5) Requires DWR and the CEC to, by January 1, 2029, 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 urban water use objectives and the U.S. Environmental Protection Agency's (US EPA) Energy Star Program.

6) Requires the best practices to include using closed-loop systems, nonpotable water, rainwater and stormwater capture infrastructure, water efficient practices for indoor and outdoor water use, and water efficient practices that are scalable and increased for Type I and Type II data centers.

7) Requires DWR, in coordination with other relevant state agencies, by January 1, 2029, to develop guidance cities and counties can use to assess projected water use, water efficiency measures, and cumulative water resource impacts of proposed data centers in the context of local and regional water management objectives.

8) Specifies that current year unconstrained demand, which existing law requires as part of the urban water supplier's water contingency plan, includes, but is not limited to the unconstrained demand of data centers, irrigation, and other large users.

9) Makes certain findings and declarations about data centers, and declares it is the intent of the Legislature that data centers are considered CII users under the state's "Making Conservation a California Way of Life" regulation, consistent with urban water use objectives.

Background

Data centers. Data centers are facilities that support information technology (IT) 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.

Data centers and water use. Although data centers are estimated to be among the top ten water consuming industries in the United States, their water use and related impacts are understudied, and approaches for managing water use and impacts have not kept pace with the industry's rapid growth.

Water conservation in California. The Water Conservation Act of 2009 required a 20% statewide per capita urban water use reduction by 2020. According to DWR, the state has surpassed that goal, having cut per capita urban water use by 32%. About 97% (374 of 386) of urban retail water suppliers (urban suppliers) achieved their targeted 2020 water use reduction.

In 2016, then-Governor Brown issued Executive Order B-37-16, which established the goal of "making [water] conservation a California way of life" and directed his administration to develop water use targets as part of a permanent long-term water conservation framework. Including environmental water, urban water use is about 11% of the state's annual water use. Of that 11%, over half (6%) is residential use, 3% is CII use, and 1% is "other."

In 2018, SB 606 (Hertzberg, Chapter 14, Statutes of 2018) and AB 1668 (Friedman, Chapter 15, Statutes of 2018) established the concept of "Making Conservation a California Way of Life" and putting a long-term water conservation framework in law. This framework required DWR and the SWRCB to work together to develop urban water use conservation or efficiency goals for the roughly 400 urban suppliers that supply water to about 95% of Californians. A major aspect of "Making Conservation a Way of Life" requires urban water agencies to improve water use efficiency via the urban water use objective. The urban water use objective is the sum of: (1) indoor residential water use; (2) outdoor residential water use; (3) outdoor CII use associated with dedicated irrigation meters (DIM); (4) water losses; (5) applicable variances; and (6) applicable bonus incentives for recycled water.

In general, DWR was directed to provide recommendations to the SWRCB to enact regulations related to "Making Conservation a Way of Life," which it did and those regulations took effect on January 1, 2025.

CII water use performance measures. Under the regulation, CII water use (other than any outdoor irrigation use) is not a part of the urban water use objective. Instead, to support the CII sector's progress towards improving water use efficiency, DWR was directed to develop performance measures for the CII sector and those took effect in September 2022.

Business licenses. Almost every city and county in California requires businesses to have a general license to operate within their respective jurisdictions.

Requirements to obtain a business license vary by jurisdiction but typically require payment of a fee and registration of the business's name.

Energy Star Program. A volunteer labeling program administered by the US EPA, the Energy Star Program lets entities display the "Energy Star" logo on their products that meet the US EPA's energy efficiency specifications. The program helps create a market for energy efficient products, homes, and buildings and helps increase the production and adoption of energy-efficient technologies and practices.

Comments

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 major 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 committee."

Getting a fuller picture when it comes to water use. Everyone agrees data centers use a tremendous amount of water, so by requiring them to provide cities, counties, and water suppliers with information on exactly how much water they are using, those entities will have a better idea how to plan for future water supply needs.

However, there may be many other businesses that also use a tremendous amount of water and likely have similar impacts on the water supply needs in a given community that aren't included in this bill. Therefore, while the measure will give local entities a fuller picture of what is happening on the water front, it will not be a complete picture.

You look familiar. This measure is substantially similar to last year's AB 93 (Papan), which was approved by the Senate on a 30-10 vote and by the Assembly on a 59-16 vote, but was subsequently vetoed by Governor Newsom.

In the Governor's veto message, he stated in part:

> "… 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."

This bill differs from AB 93 in that it requires slightly more specific reporting from data centers and requires DWR to develop some additional guidance for cities and counties.

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

According to the Senate Appropriations Committee's analysis, DWR estimates first year costs of $2 million and ongoing costs of $1 million.

SUPPORT: (Verified 8/6/26)

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
Cleanearth4kids.org
Fix the World Consulting, LLC
Los Angeles Waterkeeper
Planning and Conservation League
Resource Renewal Institute
Restore the Delta
Santa Clara Valley Water District
Sierra Club California

OPPOSITION: (Verified 8/6/26)

Associated General Contractors, California Chapters
Bay Area Council
Building Owners and Managers Association of California
CalAsian Chamber of Commerce
California Broadband & Video Association
California African American
Chamber of Commerce
California Business Properties Association
California Chamber of Commerce
California Hispanic Chambers of Commerce (CHCC)
CTIA – the Wireless Association
Data Center Coalition
NAOIP California
Silicon Valley Leadership Group (SVLG)
TechCA
TechNet
US Telecom – the Broadband Association

ASSEMBLY FLOOR: 61-15, 5/27/26
AYES: Addis, Aguiar-Curry, Ahrens, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Connolly, Davies, Elhawary, Fong, Gabriel, Garcia, Gipson, Jeff Gonzalez, Mark González, Haney, Harabedian, Hart, Irwin, Jackson, Kalra, Krell, Lee, Lowenthal, 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: Alanis, Castillo, Chen, DeMaio, Dixon, Ellis, Flora, Gallagher, Hadwick, Hoover, Johnson, Patterson, Ta, Tangipa, Wallis
NO VOTE RECORDED: Lackey, Macedo, Celeste Rodriguez, Valencia

Prepared by: Evan Goldberg / N.R. & W. / (916) 651-4116
8/14/26 10:15:01

****** END ******