

CONCURRENCE IN SENATE AMENDMENTS

AB 2619 (Papan)

As Amended August 21, 2026

Majority vote

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.

Senate Amendments

- 1) Delete the requirement that urban water suppliers include data center demand in their annual water shortage assessment reports.
- 2) Clarify that current year unconstrained demand, for the purposes of an urban water supplier's water shortage contingency plan, includes unconstrained demand from data centers, irrigation, and other large users.
- 3) Specify that data center developers must provide a good faith estimate of expected water usage data, as specified, on application for an initial business license.
- 4) Delete the definitions of "indirect water use" and "total water use."
- 5) Delete the requirement for the Department of Water Resources (DWR) and the State Energy Resources Conservation and Development Commission (CEC) to develop guidelines and best practices for data center water use.

COMMENTS

While California has been home to data centers for decades, in recent years, developments in technology have increased the demand for large data centers capable of storing, processing, and serving huge amounts of data. California is a desirable destination for data center projects, with a highly skilled workforce, proximity to computing demand, and access to large fiber optic connections around the world. Clusters of data centers exist in Silicon Valley, San Francisco, Los Angeles, and Sacramento, with other projects located around the state.

Data centers can have substantial and sometimes irregular demand 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 with thousands of servers produce immense amounts of heat that needs to be removed from the facility to maintain safety and performance. To remove the heat, data centers may use a variety of cooling technologies, either sequentially or depending on weather conditions and server load.

Data center water use patterns can be irregular as a result of switching between cooling technologies. Research shows that the "peaking factor" (the ratio of the peak use to average use) for data centers can be double or more than the peaking factor for other large water users. These high peaks occur because data centers need to shift to evaporative cooling technologies to exhaust waste heat during hot and dry weather conditions, or use more water to remove more heat. Shifting between cooling technologies can result in large surges in demand that need to be accommodated by water distribution infrastructure, even if the average demand is far lower.

Data centers need a reliable water supply. Due to the reliability requirement to deliver the demanded water, water infrastructure (both water delivery and wastewater) must be sized to accommodate the peaks in demand. Local water suppliers are then required to build capacity well in excess of average need and potentially may build capacity in excess of any need that materializes, especially if they are building based on limited information about projected water demand.

Better data about water use, whether during the water supply assessment process (if required, see discussion below) or based on research data from across the sector, would assist local water agencies in planning for actual need. Local water utilities could also work with data centers to understand options for 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 infrastructure upgrades as part of the connection process, potentially extending beyond traditional connection fees to include upgrades to mains, pumping stations, and other infrastructure as needed.

A water supply assessment is required for a proposed project with a water use that exceeds certain thresholds and is completed as part of the California Environmental Quality Act process. To complete the water supply assessment, the project proponent must provide information to municipal planning decisionmakers about the expected water use. The water supply assessment process currently provides the primary opportunity for public input and awareness of water use by a proposed water user. This bill requires data centers to provide information regarding their water use when applying for or renewing a business license with a city or county.

Every five years, urban water suppliers (those water suppliers that provide more than 3,000 acre-feet of water annually or serve more than 3,000 connections) are required to submit urban water management plans to DWR. Each urban water management plan must include, among other information, a water shortage contingency plan. A water shortage contingency plan is a detailed proposal for how an urban water supplier intends to act in the case of an actual water shortage condition, whether caused by drought, climate change, population growth, or any other reason. The plan must include analysis of the water supply reliability assessment, the procedures for an annual water supply and demand assessment, including key data inputs and methodology, operational plans at standardized shortage levels, communications protocols, enforcement methods and authorities, a financial plan, and reporting and reevaluation procedures. This bill requires urban water suppliers to include information about data center demand as a key data input in their annual water supply and demand assessment conducted under their water shortage contingency plan.

In addition to the full update to the urban water management plan required every five years, urban water suppliers must conduct an annual water supply and demand assessment and submit an annual water shortage assessment report to DWR on or before July 1 of every year. These assessments must include information about anticipated shortage, triggered shortage response actions, compliance and enforcement actions, and communication actions consistent with the supplier's water shortage contingency plan. This bill requires urban water suppliers to include data center demand in their annual water shortage assessment report submitted to DWR.

Following the 2012–2016 drought, the Governor and Legislature negotiated a two-bill package known as “Making Conservation a Way of Life” [SB 606 (Hertzberg) and AB 1668 (Friedman)] to establish a new foundation for long-term improvements in water conservation and drought

planning to adapt to climate change. These two bills provided expanded and new authorities and requirements to enable permanent changes and actions to drive more efficient water use and better prepare the state for future droughts. A major aspect of "Making Conservation a Way of Life" is the requirement for urban water agencies to improve water use efficiency via the urban water use objective. The legislation also directed DWR to complete a report and make recommendations for "performance measures" that urban retail water suppliers can implement to incentivize water use reductions in the commercial, industrial, and institutional (CII) sector.

DWR released its report on performance measures for the CII sector, including data centers, in 2022. The report recommended the adoption of a classification system for CII water users, performance measures for outdoor irrigation, and an implementation program for best management practices. In 2024, the State Water Board adopted final regulations for "Making Conservation a Way of Life."

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. [This bill] 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. [This bill] requires data centers to report their water use through the existing business licensure process . . . and integrates data center demand into drought and water supply planning. California has always led the nation in both innovation and water stewardship. [This bill] continues that tradition by making sure our policies keep pace with emerging technologies while protecting our most precious resource."

Arguments in Support

California Coastkeeper Alliance, writing for a coalition of environmental organizations, writes: "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."

Arguments in Opposition

The Data Center Coalition, writing for a coalition of business groups, states: "[This bill] raises concerns regarding competition, privacy, and security for data centers and data center customers, as well as the many residents and businesses across California that depend on digital infrastructure. . . . 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."

FISCAL COMMENTS

According to the Senate Appropriations Committee, this bill has the following fiscal impact:

- 1) DWR estimates ongoing costs of \$2 million in the first year and \$1 million annually thereafter (General Fund) to develop and maintain water-use guidelines and emerging-technology guidance for data centers. First-year costs include \$1 million for consulting, technical studies, stakeholder facilitation, and publication services, and \$1 million for two permanent positions to develop and update the guidance as technology changes.
- 2) The CEC anticipates its costs would be minor and absorbable.

Recent amendments delete requirements for DWR and CEC to develop guidelines and best practices and likely remove the associated fiscal impact to the state.

VOTES:**ASM WATER, PARKS, AND WILDLIFE: 10-2-1**

YES: Papan, Alvarez, Ávila Farías, Bains, Bennett, Boerner, Caloza, Hart, Muratsuchi, Rogers

NO: Jeff Gonzalez, Alanis

ABS, ABST OR NV: Gallagher

ASM LOCAL GOVERNMENT: 8-2-0

YES: Carrillo, Pacheco, Ramos, Ransom, Blanca Rubio, Stefani, Ward, Wilson

NO: Ta, Johnson

ASM APPROPRIATIONS: 11-4-0

YES: Wicks, Aguiar-Curry, Calderon, Caloza, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache

NO: Hoover, Dixon, Ta, Tangipa

ASSEMBLY FLOOR: 61-15-4

YES: 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

NO: Alanis, Castillo, Chen, DeMaio, Dixon, Ellis, Flora, Gallagher, Hadwick, Hoover, Johnson, Patterson, Ta, Tangipa, Wallis

ABS, ABST OR NV: Lackey, Macedo, Celeste Rodriguez, Valencia

UPDATED

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CONSULTANT: Sean Clair / W., P., & W. / (916) 319-2096

FN: 0004320