

CONCURRENCE IN SENATE AMENDMENTS

AB 93 (Papan)

As Amended September 5, 2025

Majority vote

SUMMARY

Requires a data center operator to provide its estimated or actual water use to its water supplier as a condition of obtaining or renewing a business license issued by a city or county.

Senate Amendments

- 1) Delete a requirement that a public entity identify the average volume of water delivered to data centers when conducting a cost-of-service analysis to set fees and charges for water service.
- 2) Delay requirement that a person who owns or operates a data center shall self-certify when applying for a business license that they are meeting efficiency standards and best practices until one year after the Department of Water Resources (DWR) develops efficiency guidelines or best management practices relevant to data centers.
- 3) Clarify that a person who owns or operates a data center shall provide the report of annual water use to the data center's water supplier when renewing a business license.
- 4) Narrow the definition of "data center" to mean a room, or portion of a room, in a building used primarily to house information technology equipment that serves a total information technology equipment load greater than 10 kilowatts and 20 watts per square foot of conditioned floor area. Eliminate differentiation of data centers into one of three tiers based on energy use and equipment weight per square meter.
- 5) Authorizes DWR to identify different tiers of data centers based on water consumption and other factors when adopting efficiency standards for data centers pursuant to this bill.

COMMENTS

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" (Bakar Siddik, Shehabi, and Marston, 2021). There is increasing awareness of the energy and water demands (primarily related to cooling) associated with data centers as artificial intelligence (AI) and other technologies are being deployed.

Water use by data centers falls under the commercial, industrial, and institutional (CII) classification, but is not calculated under the urban water use objective ("Making Conservation A Way of Life") intended to increase water use efficiency in California's urban areas. However, as required by the legislative package to enact "Making Conservation a Way of Life," DWR conducted a study (completed in 2022) on CII water use and recommended performance measures to the State Water Resources Control Board (State Water Board) that would improve water use efficiency in the CII sector. The State Water Board included some of the

recommendations from the DWR study in the final urban water use regulation adopted in 2024, but none of the recommendations or regulatory provisions specifically address water use by data centers.

Existing statutes dating back to 1901 have empowered both counties and cities to license businesses for the purpose of regulation. 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 police powers. It is from this fundamental police power that local governments derive their authority to regulate behaviors, business operations, and land uses. Under this authority, local governments are able to require businesses operating in their jurisdictions to obtain a license and impose related licensing fees. Local governments license businesses for a lot 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.

According to the Author

"As technology has evolved into the new frontier of [AI], the demand for data centers has exploded, and with it, increased competition over our most precious natural resources. Even with recent developments in water efficiency, data centers use a considerable amount of water. Since data centers prioritize cheap energy sources and proximity to customers, many data centers are being developed in water stressed areas. As California's needs for data processing grows, a better understanding of the ratepayer impacts and environmental tradeoffs must be understood. [This bill] is a pragmatic solution that carefully considers a delicate balance of resource demand, local resources constraints, and revenue benefits of data center expansion."

Arguments in Support

According to a coalition of supporters, including the California Coastkeeper Alliance, "As we witness the rapid growth of [AI] and other technologies that rely heavily on data storage and processing, the demand for data centers has exploded. This increase in demand has created heightened competition for our most valuable natural resources, such as energy and water. The average data center uses 300,000 gallons of water per day for cooling, with large data centers using up to five million gallons per day – enough to supply water to hundreds of thousands of homes. [This bill] is a practical, well-balanced solution that recognizes the need for progress while carefully considering the impact on our local communities, resources, and economy."

Arguments in Opposition

The Data Center Coalition argues that "data centers fuel economic growth, supporting jobs in technology, construction, engineering, and maintenance. Data centers also attract investment from cloud providers, AI developers, and enterprise IT, strengthening California's digital economy. [This bill] risks stifling job creation and innovation by discouraging data center expansion."

FISCAL COMMENTS

According to the Senate Appropriations Committee, there are "unknown limited-term costs for [DWR], likely in the low millions of dollars over four years (General Fund) to implement the provisions of the bill."

VOTES:

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

YES: Papan, Alvarez, Ávila Farías, Bennett, Boerner, Caloza, Hart, Macedo, Celeste Rodriguez, Rogers

NO: Tangipa

ABS, ABST OR NV: Jeff Gonzalez, Bains

ASM LOCAL GOVERNMENT: 8-1-1

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

NO: Hoover

ABS, ABST OR NV: Ta

ASM APPROPRIATIONS: 11-2-2

YES: Wicks, Arambula, Calderon, Caloza, Elhawary, Fong, Mark González, Hart, Pacheco, Pellerin, Solache

NO: Dixon, Tangipa

ABS, ABST OR NV: Sanchez, Ta

ASSEMBLY FLOOR: 51-14-14

YES: Addis, Aguiar-Curry, Ahrens, Arambula, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Calderon, Caloza, Carrillo, Connolly, Elhawary, Fong, Gabriel, Garcia, Gipson, Mark González, Haney, Harabedian, Hart, Irwin, Jackson, Kalra, Krell, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Ortega, Pacheco, Papan, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Stefani, Valencia, Wicks, Wilson, Zbur, Rivas

NO: Alanis, Castillo, Davies, DeMaio, Dixon, Ellis, Flora, Jeff Gonzalez, Hadwick, Hoover, Lackey, Patterson, Sanchez, Wallis

ABS, ABST OR NV: Alvarez, Ávila Farías, Bains, Bryan, Chen, Gallagher, Nguyen, Patel, Sharp-Collins, Solache, Soria, Ta, Tangipa, Ward

UPDATED

VERSION: September 5, 2025

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FN: 0002047