

THIRST FOR DATA

State Responses to Data Center Water Use

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This is a publication of the Getches-Wilkinson Center
for Natural Resources, Energy, and the Environment

Front Cover

Henderson, NV, USA - September 17, 2022: Aerial view at the large-scale Google Data Center.

Back Cover

Mount Pleasant, Wisconsin, USA - August 7, 2025: Aerial drone view of Microsoft's Fairwater AI data center campus under construction in Racine County. The large-scale hyperscale facility is part of a multibillion-dollar investment by Microsoft to build one of the world's most advanced artificial intelligence data centers. The Fairwater site spans hundreds of acres and includes multiple large buildings designed to house high-performance computing infrastructure, including hundreds of thousands of GPUs used for training next-generation AI models.

Data Center Photo Sources throughout: <https://www.shutterstock.com/>

Report Layout & Design by Peak Marketing & Design

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INTRODUCTION



Aerial view of the construction of a data center complex surrounded by cooling and power backup systems.

In a small, drought-prone town in Eastern Oregon, newly public reports on local data center water use have sparked a struggle for transparency and action.¹ In 2025, Google's data centers consumed roughly 550 million gallons of water – nearly 40% of the city's total consumptive annual use – shocking residents who rely on water for agriculture, fishing treaty rights, tourism, and drinking water.² As of June 2026, communities across the United States have heard stories like those unfolding at The Dalles and are becoming increasingly concerned with unknown and underregulated water use by data centers.³

But why do data centers need so much water? As computing demands increase with technological advancements, the servers in data centers must use larger amounts of energy, producing more heat as a byproduct.⁴ To prevent overheating, data center operators cool servers with varying amounts of water depending on the technologies and water sources they select.⁵ For many data center operators, water is cheaper than energy, so they often opt for water-intensive cooling methods.⁶ However, some of the world's largest center operators, such as Meta, have recently pledged that their data centers will be "water-positive" by 2030.⁷

Yet in 2014, data centers in the United States used a total of 5.6 billion gallons of water.⁸ By 2023, even before the mass adoption of generative artificial intelligence technology that largely drives the current proliferation of data centers⁹, the total water use by U.S. data centers tripled from 2014 to 17.4 billion gallons.¹⁰ Researchers estimate that by 2028, total water use by U.S. data centers may nearly double from 2023 to 32.8 billion gallons – with substantial growth estimated beyond that.¹¹ Additionally, researchers estimate the indirect water consumption by U.S. data centers, that is, water consumed to generate power for data

centers, at approximately 211 billion gallons as of 2023 – over twelve times the direct consumption.¹² For context, 211 billion gallons is approximately 650,000 acre-feet of water, which is roughly equal to the Gila River Indian Community's settled water rights¹³ or double the allocation of Colorado River water for the entire state of Nevada.¹⁴ Still, variables abound in projecting water consumption by U.S. data centers, with some optimistically suggesting modest growth due to AI-driven optimization of cooling systems¹⁵ and others noting that using renewable energy to power data centers would exponentially reduce indirect water use.¹⁶

Today's total direct water usage by U.S. data centers is small relative to other industries' consumptive water use totals, but the rapid additional strain and projected growth in certain communities is prompting state legislators to act. Despite water, air, labor, and other concerns with data center development, the federal government, for the most part, has not intervened. In July 2025, the Trump administration issued an executive order to streamline environmental and water permitting reviews for data centers;¹⁷ Congress is unlikely to pass nationwide legislation regulating resource use by data centers;¹⁸ and the Environmental Protection Agency declared in June 2026 that it will not set nationwide standards for data centers.¹⁹ As a result, many state legislators are stepping up, proposing new policies addressing state-specific concerns with water use by data centers. As a result, a patchwork of laws and regulations is emerging across the nation, which may provide vital information and even protective actions in some states, and irregularity and uncertainty in many others. For instance, states vastly disagree as to how much water and energy must be consumed by a data center to trigger regulatory oversight under proposed legislation. These details matter.

This paper is intended to be a resource for policymakers, stakeholders, members of the public, researchers, and project developers with an interest in this evolving area of policy. By categorizing recent state legislative efforts and presenting legislative language, this paper identifies current trends and can serve as a starting point for the development of future policy initiatives. This paper does not serve as a comprehensive or living repository of state laws and policies but rather synthesizes trends regarding state legislative efforts explicitly related to water use by data centers.

Accordingly, we narrowed our search to recent legislation that considered water use by data centers or legislation that directly impacts data centers. We relied on LexisNexis, LegiScan, and broader internet search tools like Google using keywords like 'data center' 'water' 'usage' 'large water user', then searched through the results to identify recurring relationships between water use and data centers. We then extracted and organized the most important language from certain state bills regarding water use by data centers. Four major categories emerged, and the appendix includes the specific legislative language that states use to highlight the myriad permutations of legal and policy tools that states are exploring as of June 2026.

Lastly, notable efforts are taking place at the local level across the nation to confront water use at data centers. These efforts are beyond the scope of this paper, but two developments impacting data center water use are worthy of mention. The first involves temporarily halting new data center development through moratoriums or local permit reviews over a concern for, among other issues, water use by specific data center proposals.²⁰ These moratoriums are spreading across the country.²¹

The second involves municipal water suppliers enforcing various restrictions on large water users.²² For example, Aurora Water, a significant municipal water supplier near Denver, Colorado, maintains a large water users guide that imposes water efficiency requirements on large water users – and even prohibits water delivery to the thirstiest, least efficient water users.²³ However, the guide also states “Aurora Water will be open to conversations with p[ro]spective developers where water sustainability measures may migrate the applicants into an allowable category...”, demonstrating the pressures local utilities face in strictly regulating water use by data centers.²⁴ Local governments will undoubtedly continue to shape the landscape of data center water use, but this paper focuses on state legislative efforts as they have great potential to offer broad, long-term, and enforceable requirements on water use by data centers.

STATE LEGISLATION CATEGORIES



Mount Pleasant, Wisconsin, USA – August 7, 2025: Alternate aerial drone view of advanced cooling and power infrastructure at the Microsoft Fairwater data center under construction in Racine County.

Statewide legislative efforts to regulate data center water use in 2025-2026 were abundant, with several states bringing competing or companion bills. However, few states adopted new policies, and fewer yet survived the governor's veto. For this reason, the legislative excerpts in the appendix note the status of the bill as pending (introduced bills that theoretically could still be adopted during the current legislative session), failed (introduced bills that were not adopted by the state legislature or were vetoed by the governor), or enacted (introduced bills that were adopted by the state legislature and signed into law by the governor). The four major categories of state legislation are as follows:

1. Reporting Requirements

State legislation in this category focuses primarily on requiring data centers, and sometimes water utilities or state agencies, to submit information to the state, local authorities, or the public about their water usage. While every state requires slightly different information, this often includes the volume of water used, source of water used, and existing efforts at water conservation. Reporting requirements are frequently also found in other categories of legislation considered below, but legislation in this category does not require the specific actions or efforts that other categories mandate.

2. Water Conservation, Availability, and Quality Requirements

State legislation in this category requires specific actions by data centers in pursuit of the goals of water conservation, water availability, and/or water quality:

Water Conservation: Data centers must use less water through various means, such as using certain water-efficient technologies like

closed-loop systems, reusing water from other sources where feasible, or achieving water usage effectiveness ratings, to name just a few. Many other requirements aimed at using less water to cool data centers can be found in legislative excerpts in the appendices.

Water Availability: Data centers must use water from specific sources, based either on location, quality, or on the entity providing the water, or must ensure in conjunction with local or state authorities that the data center's water use does not threaten present and future uses.

Water Quality: Data centers must ensure that discharges of water used to cool data centers do not threaten adjacent water quality.

To accomplish these goals, two sub-categories of state legislation emerge: data center-specific permit requirements and other statewide requirements. Each of these subcategories require some combination of actions regarding water conservation, availability, and quality, but they meaningfully differ in how they propose to administer and enforce water use by data centers.

a. Data Center-Specific Permit Requirements:

State legislation in this subcategory focuses on establishing a new data center-specific permitting program administered by the state. These permits require numerous actions to achieve the goals of water conservation, availability, and/or quality, often in addition to reporting. Without these permits, new data centers may not be built, and sometimes existing data centers may be forced to halt operation.

b. Other Statewide Requirements:

State legislation in this subcategory focuses on advancing a variety of water conservation, availability, and quality goals through

mandating certain procedures, practices, or technologies. While they share the goals of the data center-specific permit legislation, they employ alternate mechanisms to enforce these new mandates, such as fines, revocation of existing operating permits, or strict liability for water-related harm caused by a data center.

3. Tax Exemptions for Water Conservation

State legislation in this category provides certain state tax exemptions when purchasing and installing data center equipment. In some cases,

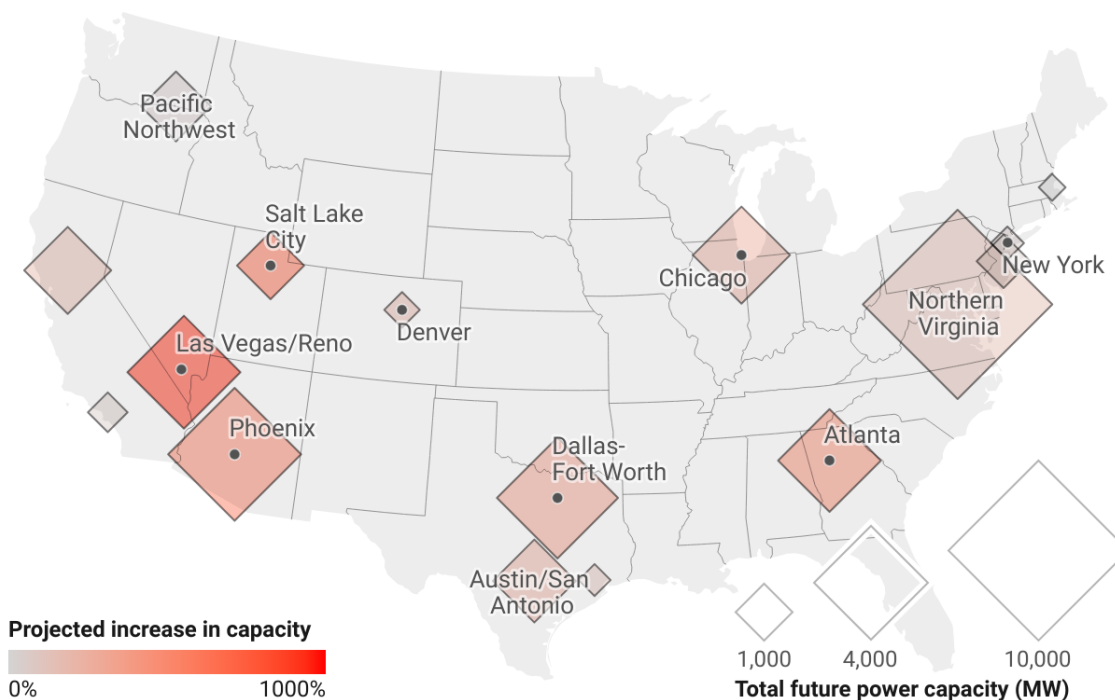
efforts to conserve water are required to receive these tax exemptions, while in other cases, efforts to conserve water are merely encouraged.

4. Prior Appropriation Requirements

State legislation in this uncommon but noteworthy category requires that the state agency responsible for approving new appropriations or transfers of water rights by data centers must evaluate the inherent conflict between data centers and “local public interest” and state water conservation goals.

Data Center Hot Spots in the U.S.

Areas with fastest data-center growth and planned capacity



Map: & the West • Source: Upwind, JLL 2024 Data Center Report • Created with Datawrapper

Photo Source: Stanford University, <https://andthewest.stanford.edu/2025/thirsty-for-power-and-water-ai-crunching-data-centers-sprout-across-the-west/>

CONCLUSION AND KEY TAKEAWAYS



Phoenix, Arizona, USA - Nov 09, 2023: An aerial view of the QTS Data center under construction.

Supported by the excerpts found in the appendices, this report found four major categories of state legislation that explicitly address water use by data centers as of June 2026. This kaleidoscopic image will continue to evolve in the coming years as data center expansion rapidly increases. While each state may face different challenges from water use by data centers, states will have the opportunity in the coming years to learn from their neighbors, implementing thoughtful solutions that can respect their citizens' concerns and uphold their values.

Finally, the following key takeaways synthesize considerations going forward for state regulation of water use by data centers:

Key Takeaways

New and Evolving Policy

Few states have adopted explicit policies on water use by data centers despite the vigorous debate taking place across the country on the subject. This suggests that there is still a wide range of views on how data centers should be regulated, from tax incentive-based schemes to command-and-control style permitting programs. The field will continue to evolve in coming years.

Education and Dialogue

In this rapidly changing landscape, education of – and a robust dialogue between – the public and policymakers will be vital to optimize the policymaking process. Thoughtful engagement with communities frequently targeted by data center developers – and incorporation of their input – will be paramount to sustainable policy.

One Uniquely Western Solution

Idaho's new law is particularly interesting because it declares water use by data centers conflicts with the public interest within the system of prior appropriation. Other Western states who manage water under the prior appropriation doctrine have an opportunity to pursue similar actions, instructing their state agencies or water courts to consider additional factors when data centers appropriate state water. However, many data centers use already-appropriated municipal water, which may limit the tangible impact of this approach.

The Long Shadow of Indirect Water Use

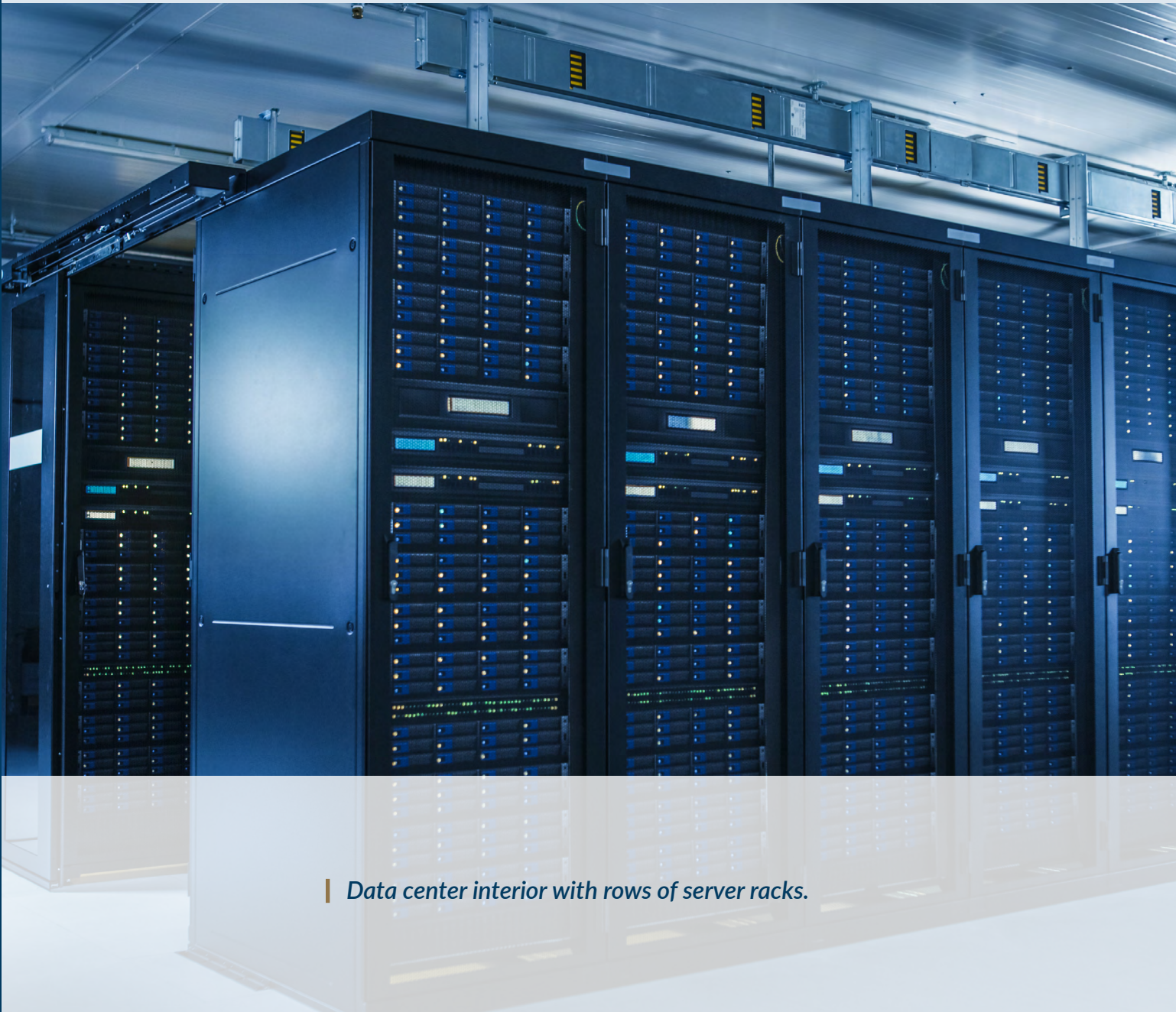
Indirect, or offsite, water use by data centers will be a significant variable when assessing the practical effects of states' policymaking. Few states' policy efforts expressly broach the subject, but there is concern that water-intensive fossil fuel power generation by utilities or data center operators will contribute to meaningful growth in indirect water use by data centers.

Learning from Early Adopters

It will be important to track implementation of the policies that are approved by states to evaluate whether they are effective at regulating data center water use as intended, or whether they result in unintended consequences. Data collection from states who have begun to mandate disclosure and reporting of water use may prove to be critical public resources in the coming months and years. The policymaking in this area is still young. States that failed to pass legislation this year may need to adjust their approach in response to initial feedback from early adopter states.²⁵

APPENDICIES

Excerpts of Key Legislative Language



| Data center interior with rows of server racks.

A. Reporting Requirements

STATE (STATUS) CITATION	KEY TEXT
California (pending) <u>AB-2619</u>	Report to municipality: Sec. 16100.4 of the Business and Professions Code “(b) (1) Prior to applying to a city for an initial business license, equivalent instrument, or permit, a person who owns or operates a data center shall provide its water supplier, under penalty of perjury, 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. (2) When applying to a city for an initial business license, equivalent instrument, or permit, a person who owns or operates a data center shall report, under penalty of perjury, on the application, 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. (3) When applying to a city for a renewal of a business license, equivalent instrument, or permit, a person who owns or operates a data center shall report, under penalty of perjury, the data center’s annual water use for the preceding calendar year, including total water use, direct water use, and indirect water use. As part of direct water use reporting, the owner or operator shall report the cooling system type of the data center. For purposes of this paragraph: (A) “Direct annual water use” means the volume of water withdrawn, delivered, or otherwise used onsite for data center operations, including cooling, sanitation, irrigation, and any other operational use, identified by source, including potable water, nonpotable water, or recycled water. (B) “Indirect water use” means the volume of water withdrawn for the purpose of generating the electricity consumed by the data center. (C) “Total water use” means the sum of direct water use and indirect water use.” Water suppliers must add data centers to the annual water supply and demand assessment and annual shortage contingency plans: Sec. 10632 of the Water Code, “(a) Every urban water supplier shall prepare and adopt a water shortage contingency plan as part of its urban water management plan that consists of each of the following elements: (1) The analysis of water supply reliability conducted pursuant to Section 10635. (2) The procedures used in conducting an annual water supply and demand assessment that include, at a minimum, both of the following: ... (B) The key data inputs and assessment methodology used to evaluate the urban water supplier’s water supply reliability for the current year <i>continued on next page</i>

STATE (STATUS) CITATION	KEY TEXT
<i>cont.</i> California (pending) <u>AB-2619</u>	and one dry year, including all of the following: (i) Current year unconstrained demand, including, but not limited to, the unconstrained demand of data centers, irrigation, and other large users, considering weather, growth, and other influencing factors, such as policies to manage current supplies to meet demand objectives in future years, as applicable. (ii) Current year available supply, considering hydrological and regulatory conditions in the current year and one dry year... (iii) Existing infrastructure capabilities and plausible constraints. (iv) A defined set of locally applicable evaluation criteria that are consistently relied upon for each annual water supply and demand assessment. (v) A description and quantification of each source of water supply.” Added Enforcement: See Sec. 16100.4 of the Business and Professions Code (b) (1) above.
Illinois (failed) <u>SB2181</u>	Data centers must report water use, cooling method, and efficiency measures to state: “Section 15. Reporting requirements. (a) Beginning January 1, 2026, all data centers operating within this State shall annually report the data center’s energy and water consumption to the Agency for the preceding calendar year. (b) The report shall include: ... (2) total water consumption for the previous calendar year, broken down by month and specifying whether the consumption was for cooling or another application; (3) any measures undertaken the previous calendar year to improve energy efficiency or reduce water usage.” Regular report by the state on water use by data centers: “Section 20. Data confidentiality and public access. (a) Proprietary information may be exempt from public disclosure. Aggregated and anonymized data shall be made available to the public. (b) The Agency shall publish an annual report summarizing statewide energy and water consumption trends in data centers, including, but not limited to, legislative recommendations to address identified issues.” Added Enforcement: “Section 25. Enforcement and penalties. (a) Data centers that fail to comply with the reporting requirements under this Act may be subject to fines of up to \$10,000 per violation. (b) All funds collected under this Section shall be deposited into the Energy Efficiency Trust Fund.”

STATE (STATUS) CITATION	KEY TEXT
Iowa (pending) <u>IW HF 2690</u>	Report total consumption, source, and efficiency to the state: Section 1(2): Data center owners or operators “shall prepare and submit a water usage report to the department that contains at least the following information: ... b. Information related to water usage at the data center, including all of the following: (1) The total water input in gallons including the respective volumes of water input for specific functions of the data center. (2) The source of water for the data center including a municipal water supply, groundwater, or surface water, and whether water from such sources is potable or reclaimed, and water withdrawal permit numbers. If a data center utilizes more than one water source, the data center shall provide information regarding water usage from each source as a percentage of total water usage. (3) Performance calculations and indicators for the data center regarding water use effectiveness.”
Michigan (pending) <u>MI Senate Bill No. 762</u>	Report by State and public water suppliers: MCL 460.5a: “(2) Not later than July 1, 2027, and by each July 1 thereafter, the commission shall publish a report on the commission's website that contains the following information: (a) The total amount of water used by each data center in each public water supply's service area for the preceding calendar year. Not later than June 1, 2027, and by each June 1 thereafter, each public water supply shall submit to the commission the total water usage data described in this subdivision.”
New Jersey (pending, awaiting Governor's signature) <u>NJ SB 3379</u>	Report to state: Section 1 “b. No later than six months after the effective date of this section, or, for a data center that has been in operation for at least one year as of the effective date of this section, no later than three months after the effective date of this section, and on a semi-annual basis thereafter, the owner or operator of a data center in the State shall prepare and submit a water and energy usage report to the Board of Public Utilities that contains the following information, at a minimum:... (2) information related to energy and water usage at the data center, including:... (e) the total and peak daily water input in cubic meters that includes all water volumes that enter the data center that are used for the functions of the data center, including information technology, <i>continued on next page</i>

STATE (STATUS) CITATION	KEY TEXT
<i>cont.</i> New Jersey (pending, awaiting Governor's signature) <u>NJ SB 3379</u>	security, power, and environment; and (f) the source of water for the data center, including a [municipal] public water [supply] system, groundwater, and surface water, and whether water from such sources is potable or reclaimed. If a data center uses water from a public water system, it shall provide the name of the public water system and any water service agreements between the public water system and the data center. If a data center utilizes more than one water source, the data center shall provide information regarding water usage from each source as a percentage of total water usage....” Receiving financial incentives from state agencies requires additional reporting: Section 1 “c. (1) In addition to the reporting requirements enumerated in subsection b. of this section, if a data center is a recipient of a financial incentive from any State agency, then the data center shall also include in the water and energy usage report required pursuant to subsection b. of this section, the following information:... (a) performance calculations and indicators for the data center, including...water usage effectiveness...”
New York (pending) <u>NY A9086A</u>	Report planned and existing use and discharges to State: § 241 “4. If a planned regulated data center is required to obtain and hold a permit pursuant to title fifteen of article fifteen of the environmental conservation law, the data center operator shall report: (a) the amount of water projected to be used annually and how that water will be used in the planned regulated data center; and (b) the average amount of water expected to be used daily measured in gallons. 5. For any regulated data center making any discharge within the meaning of article seventeen of the environmental conservation law, the data center operator shall report: (a) the annual projected discharges by type and amount; and (b) how discharges will be treated, if at all, to remove pollutants and/or to what extent discharge temperature will be adjusted, if at all, before being discharged.” Report water conservation efforts to State: “§ 243. Annual data center disclosure report updates. 1. A regulated data center operator shall submit an annual data disclosure report to the commission, which the commission shall post on its website within fifteen days of receipt. Data center operators shall include all changes to the disclosures required pursuant to section two <i>continued on next page</i>

STATE (STATUS) CITATION	KEY TEXT
<i>cont.</i> New York (pending) <u>NY A9086A</u>	hundred forty-one of this article from year-to-year. Additionally, annual reports shall include but not be limited to information regarding the data center operator's efforts toward greater energy efficiency and overall sustainability that year. Such findings shall be presented in clear and concise language readily comprehensible for members of the general public. 2. Specifically, data center operators shall report:... (f)(i) For data centers that are required to obtain and hold a permit pursuant to title fifteen of article fifteen of the environmental conservation law, a comparison of the year's water usage to the projected amount, and, following the first year, a comparison to the year before, expressed in gallons; and (ii) For data centers that are required to have a permit pursuant to title fifteen of article fifteen of the environmental conservation law, a projection for water usage for the next year, disclosing the same information as required by subdivision four of section two hundred forty-one of this article; (g) Efforts made to protect the environment and public from polluted water in the past year accompanied by measurements of actual water pollution in a manner to be determined by the department pursuant to regulations. . . ."
South Carolina (pending) Companion Bills: <u>SC SB 724</u> and <u>SC HB 4583</u>	Report planned and existing use to state: Section 58-27-835 "(B)(1) A commercial data center that consumes three million or more gallons of water per month must report to the Department of Environmental Services annually by January thirty-first the volume of surface water, groundwater, or any other source of water that the commercial data center utilized during the prior calendar year. The commercial data center must also report the anticipated volume of water that the commercial data center will utilize during the calendar year in which the report is filed." Added Enforcement: Section 58-27-835 (B)(2) "The department may assess a civil penalty against a commercial data center for filing a report after January thirty-first. The civil fine shall be up to ten thousand dollars for each day after January thirty-first that the report is not filed. The department may also assess a ten-thousand-dollar civil penalty for any inaccurate, misleading, or false information contained in the report."

STATE (STATUS) CITATION	KEY TEXT
Utah (enacted) <u>UT Annotated Code 73-5- 8.3 and UT Annotated Code 73-2-25</u>	Notification required before local approval: Section 73-5-8.3 “(2) Before a land use authority of a municipality or county approves a land use application for a new large data center, the land use authority shall notify the following by mail or email: (a) the division; (b) the Division of Water Quality; and (c) the relevant water provider, if any...” Report location, total use, water quality impacts, and reuse or replacement to state before construction: Section 73-5-8.3 “(3) On or after July 1, 2026, at least 90 days, but no sooner than 360 days, before the operator of a large data center begins construction activities related to a new large datacenter, the operator of the large data center shall: (a) notify in writing the water provider that provides water to the area where the new large data center will be located to detail the anticipated water consumption needs of the new large data center so that the water provider can determine whether the anticipated water consumption of the new large data center is compatible with the location in which the new large data center is being located; and (b) report to the division: (i) the municipality, if applicable, and county in which the new large data center will be located; (ii) the estimated withdrawal amount of water that the new large data center will withdraw annually; (iii) plans to treat discharges, if applicable; (iv)whether and, if so, the estimated extent to which discharge temperature will be adjusted; and (v) whether and, if so, the planned extent to which the new large data center will engage in water reuse or activities to replace water used by the new large data center.” Report to state for existing data centers: Section 73-5-8.3 “(4)(a)Subject to Subsection (4)(b), after a new large data center begins operation, the operator of the large data center shall report to the division for the calendar year being reported on: (i) efforts made to reduce water consumption over the calendar year; (ii) actual withdrawals for the calendar year; (iii) efforts to protect the environment and public from polluted water, if applicable, in the calendar year...” Report by state: Section 73-5-8.3 “(5)(a) The division shall publish water withdrawal data for each new large data center that is reported under Subsection (3)(b) or (4)(a) on the division's public website by no later than September 1 for the previous calendar year, and not in the aggregate.” Added Enforcement: Section 73-5-8.3 “(6)(c) If the operator of the large data center fails to submit a complete report after receipt of notice under Subsection (6)(b), the division shall impose a fine in accordance with Section 73-2-25 of up to \$100 for each day the operator of the large data center fails to comply with this Subsection (6).”

STATE (STATUS) CITATION	KEY TEXT
Wisconsin (pending) <u>WI AB 722</u>	Report total water use to local government: “Section 6 66.0443... (2) A political subdivision shall require the owner or operator of a data center located in the political subdivision to record and report the actual water usage by the data center no later than one year after the data center is operational and annually thereafter. Once the data center reports the actual water usage, the political subdivision shall report the actual water usage on its website, if available, or by publishing a class 1 notice under ch. 985.” Water utilities must notify state of large water users: “Section 12 196.498 If a new customer of a water utility plans to use an amount of water that would account for 25 percent of the total water usage of all water customers of the water utility, or if an existing customer of a water utility plans to increase its water usage to an extent that its water usage will account for 25 percent of the total water usage of all water customers of the water utility, the water utility shall notify the commission of the anticipated water consumption increase.”

B. Water Conservation, Availability, and Quality Requirements

i. Data Center-Specific Permit Requirements

STATE (STATUS) CITATION	KEY TEXT
Florida (enacted) <u>CS/CS/SB 484 (2026)</u>	State issues permit to data centers contingent on water conservation criteria: Section 5: “(2) Consistent with other provisions of this part, the governing board of a water management district or the department may not issue a permit to a large-scale data center applicant for an allocation of water if the proposed use of the water is harmful to the water resources of the area or is prohibited by the applicable local government zoning regulations and comprehensive plan. A permit shall be issued to a large-scale data center applicant for an allocation of water if the applicant establishes that the proposed use of water: (a) Is a reasonable-beneficial use as defined in s. 264 373.019; (b) Will not interfere with any presently existing legal use of water; and (c) Is consistent with the public interest.” State may require use of reclaimed water: Section 5 “(3) The governing board or the department shall require the use of reclaimed water in lieu of all or a portion of a proposed use of surface water or groundwater by a large-scale data center applicant when: (a) A suitable reclaimed water supply source is available and permitted; (b) Reclaimed water distribution or supply lines are available at the property boundary in sufficient capacity and quality to serve the applicant’s needs; (c) The applicant is capable of accessing the reclaimed water source through distribution or supply lines; (d) Use of reclaimed water is environmentally, economically, and technically feasible; and (e) Use of reclaimed water would not conflict with the requirements contained in the applicant’s surface water discharge permit, if applicable.” Report to state in data center permit application: Section 5 “(4)(a) In addition to the requirements of s. 373.229, all permit applications made under this part requesting an allocation of at least an average daily flow of 100,000 gallons of water per day by a large-scale data center must contain: 1. All sources and amounts of water and losses of water used for cooling, industrial and treatment processes, personal or sanitary needs of employees, and landscape irrigation; and 2. A water conservation plan that, at a minimum, incorporates recycling cooling water before discharge or disposal, implementation of a leak detection and repair program, use of water efficient fixtures, and implementation of an employee awareness and education program concerning water conservation. (b) Notwithstanding s. 373.229(4), the governing board or the department may not approve a permit application made under this part by a large-scale data center without a hearing.”

STATE (STATUS) CITATION	KEY TEXT
Minnesota (enacted) <u>Minn. Stat. Ann. § 103G.271 Subd. 5b</u>	State issues permit to data centers contingent on water conservation criteria: Subd. 5b “(a) In issuing new or modified water-use permits to applicants that meet the definition of a data center, as defined in <u>section 216B.02, subdivision 11</u>, whose proposed new or additional consumptive use exceeds 100,000,000 gallons per year, or for existing permits where the permittee intends to provide more than 100,000,000 gallons of water per year to a data center, the department shall ensure that: (1) public health, safety, and welfare are adequately protected; (2) technologies or measures that promote water conservation, the efficient use of water, and watershed health, are reasonably considered, including but not limited to using water efficient fixtures and practices, recycling water before discharging, partnering with local water utilities to use discharged water from the data center, using reclaimed water, installing closed-loop systems, and supporting water restoration and replenishment in local watersheds; and (3) water use conflicts are addressed as prescribed in Minnesota Rules, <u>part 6115.0740</u>. (b) The commissioner shall require an applicant to conduct an aquifer test as provided under <u>section 103G.287</u>, if the commissioner determines that the test results are necessary in order to ensure compliance with paragraph (a), clause (1).”
Tennessee (pending) Companion Bills: <u>TN HB 2392</u> and <u>TN SB 2653</u>	State issues permit to data centers contingent on water conservation criteria: 68-221-1403 “(a) Beginning January 1, 2027, a person shall not operate a data center in this state without first being issued a permit by the board pursuant to the review of such person's application under this section. (b) To apply for a permit to operate a data center in this state, an applicant shall submit the following to the board... (4) The name of each water utility, and any governmental entity if applicable, that will provide service to the data center; (5) The source of water to be used by the data center, including, but not limited to, the name of the body of water or groundwater source; (6) The projected daily, peak, and annual water usage by the data center; (7) The impact of such water usage on the effected residential, agricultural, emergency, and public water supplies; (8) Any drought response plan and other contingency planning to be implemented by the data center; (9) The cumulative impacts on local and regional water systems to be caused by the operation of the data center; (10) All conservation, reuse, recycling, or closed-loop system measures to be implemented by the data center; <i>continued on next page</i>

STATE (STATUS) CITATION	KEY TEXT
<i>cont.</i> Tennessee (pending) Companion Bills: <u>TN HB 2392</u> and <u>TN SB 2653</u>	(11) Proof that the data center will not materially impair, degrade, deplete, contaminate, or adversely affect the availability, quality, reliability, pressure, or reasonable and beneficial use of water for residential or public purposes..." State may condition permits on water quality impacts of data center operation: 68-221-1404 "(a) In addition to its review of the information submitted by the applicant for a permit under § 68-221-1403, the board shall evaluate the following as part of the application process: (1) Wastewater, blowdown, and discharge associated with cooling or operations of the proposed data center; (2) Chemical composition and thermal impacts of the wastewater, blowdown, and discharge described in subdivision (a)(1); (3) The compatibility of the proposed data center's wastewater, blowdown, and discharge with municipal treatment systems; and (4) The potential effects of the proposed data center's wastewater, blowdown, and discharge on consumers of water downstream of the data center. (b) The board may deny an application for a data center, or place conditions on an application that has been approved if the data center that is the subject of the application is the source of wastewater, blowdown, or discharges that, in the board's opinion, are reasonably likely to: (1) Degrade water quality; (2) Interfere with treatment processes; or (3) Impose additional treatment or infrastructure burdens without mitigation. (c) In determining whether an application to operate a data center in this state is approved, the board shall presume that residential water access and the public need for water access take precedence over industrial and speculative uses of water." State must coordinate with water authorities: 68-221-1405. "The board shall... (2) Coordinate with the Tennessee valley authority (TVA) and other relevant agencies to ensure that water availability, residential access, cumulative impact, and discharge quality are fully evaluated when reviewing applications for data centers that propose to use TVA-managed waters." State ensures water conservation while protecting rate payers: "68-221-1406. (a) As part of its oversight of data centers and their long-term impact on this state, the board shall: (1) Conduct biennial evaluations of closed-loop or recirculating water systems, including, but not limited to cooling-water reuse; <i>continued on next page</i>

STATE (STATUS) CITATION	KEY TEXT
<i>cont.</i> Tennessee (pending) Companion Bills: <u>TN HB 2392</u> and <u>TN SB 2653</u>	and (2) Require the implantation of the systems described in subdivision (a) (1) where technologically and economically feasible, while operating under the presumption that such systems are feasible unless an applicant can demonstrate the infeasibility of the systems. (b) Data centers shall not externalize water treatment, infrastructure expansion, or remediation costs onto public utilities or ratepayers in this state.” Water utilities report to state: “68-221-1407. (a) Upon the start of operations by a data center, the board shall notify each water utility providing service to the data center that the utility must report to the board the amount of water that it supplied or provided to the data center during the immediately preceding billing period...”. The state must publish these reports monthly. Added Enforcement: 68-221-1408 “(a) A person may file with the board a signed complaint against any person allegedly violating this part in accordance with § 68-221-915. (b) The board may administratively assess a civil penalty of not more than one thousand dollars (\$1,000) per day up to a maximum of twenty-five thousand dollars (\$25,000) in total for any violation of this part, including the failure of an owner or operator to obtain a permit or to timely update, correct, or otherwise modify the information provided pursuant to § 68-221-1403(b). - 7 - 010790 (c) A party to a hearing before the board regarding a revocation or an appeal of an order or assessment of a civil penalty by the board may appeal the final order of the board to the chancery court of Davidson County in accordance with § 68-221-914. (d) The commissioner, on behalf of the board, may seek injunctive relief in the chancery court of Davidson County to prevent the owner or operator of a data center from engaging in any continuing violation of this part.”
Vermont (failed: vetoed by Governor) <u>VT H. 727</u>	Report to state: “§ 286.12 “(a) Data center quarterly reports. Within three months after a data center becomes operational, and in a form and manner determined by the Commission, the data center shall begin submitting quarterly reports to the Commission and the Department of Public Service. Each quarterly report shall include the data center’s water and energy usage. . . .” <i>continued on next page</i>

STATE (STATUS) CITATION	KEY TEXT
<i>cont.</i> Vermont (failed: vetoed by Governor) <u>VT H. 727</u>	State issues permit to data centers contingent on water conservation and quality criteria: § 6068c “(b)(1): A data center shall identify to the District Commission reviewing the data center’s application for a permit under this chapter how the data center will cool the facility. (2) If water is used to cool a data center, the data center shall use a closed-loop cooling system or an alternative cooling system that is approved by a District Commission and that shall not use more water than a comparable closed-loop cooling system for the data center. Before approving an alternative cooling system, a District Commission shall find that the alternative cooling system will minimize groundwater use or surface water use and will not unreasonably burden a public water supply, surface water, or groundwater resource.... (b)(3): “...a data center shall identify where the data center will obtain water to cool the facility and where the cooling water will be discharged.” Additional water-related permits required: § 6068c “(e)(1) A data center shall obtain all applicable water quality and water resource protection permits from the Agency of Natural Resources, including stormwater, stream alteration, direct discharge, surface water withdrawal, groundwater withdrawal, wetland, and river corridor development permits. (2)(A) If a data center proposes to use more than 150,000 gallons a day of surface water for cooling or other purposes, the Agency in reviewing the application for a surface water withdrawal permit required under section 1043 of this title shall assess the impacts on water quality, aquatic biota, State endangered and threatened species, instream flow habitat, impingement, streambank erosion, littoral habitat, and wetlands.... (f) A data center that discharges waste into a surface water of the State shall monitor the discharge for the maximum number of PFAS. . . .”
West Virginia (failed) <u>WV HB 4832</u>	Creates the high impact data center program: § 5B-2-21a “(b) Program established. — The High Impact Data Center Program is hereby created and is to be administered as a program within the Division of Economic Development to encourage the continued development, construction, operation, maintenance, and expansion in West Virginia of high impact data centers. In order to effectuate the purposes of this section, the Division of Economic Development, or any agency, division, or subdivision thereof, may promulgate legislative rules, including emergency rules, in accordance with § 29A-3-1 et seq. of this code.” <i>continued on next page</i>

STATE (STATUS) CITATION	KEY TEXT
<i>cont.</i> West Virginia (failed) <u>WV HB</u> <u>4832</u>	State issues certification to data centers contingent on no adverse impact determination and reporting requirements: § 5B-2-21a "(c) Notification. — Any data center shall compare its current or planned operations against the definition of "high impact data center" established in §11-6N-2 of this code and provide notification to the Division of Economic Development when the data center becomes aware that it will satisfy or has satisfied that definition and has received certification from the Department of Environmental Protection, pursuant to §5B-2-21b(f) of this code, that operating as a high impact data center at the proposed location will not adversely impact existing or future uses of a state water resource pursuant to §5B-2-21b(f) of this code...including...a water resource assessment certification from the Department of Environmental Protection. . . ." Reporting details required for certification: § 5B-2-21a "(f) This analysis shall include the volume of water to be withdrawn and returned per month, the groundwater or surface water resources to be utilized for proposed water withdrawals and returns, the latitude and longitude of proposed water withdrawals and returns, any designations of the groundwater or surface water resource to be utilized for withdrawals and returns under a West Virginia Pollution Control Act at §22-22-1 et seq. and the West Virginia Groundwater Protection Act at §22-12-1 et seq., and whether a West Virginia/National Pollutant Discharge Elimination System permit will be required for water returns, and if so, the expected pollutants, including heat, that will be regulated by the permit. The Department shall limit, condition or prohibit the use of a state water resource if the secretary determines that the water use is located within or will create a "critical water planning area" as provided in §22-26-9 of this code or will adversely impact existing or future uses of a state water resource." High impact data centers are considered large-quantity users, which requires additional reporting to the state: 22-26-3 "(c) Large-quantity users, except those who purchase water from a public or private water utility or other service that is reporting its total withdrawal, shall register with the department and provide all requested survey information regarding withdrawals of the water resources." State Water Resources Management Plan must include high impact data centers: §22-26-8 "(d) The State Water Resources Management Plan shall consider:... (9) For any high impact data center certified pursuant to §5B-2-21a of this code that has reported water consumption for the prior year, an analysis of consumptive and nonconsumptive surface water and groundwater withdrawals and returns, individually and cumulatively for all such data centers, and an analysis of any impact on water quality, including impacts on existing uses of the water resource, including public water supplies, agriculture, industrial uses, aquatic life, and downstream users."

B. Water Conservation, Availability, and Quality Requirements

ii. Other Statewide Requirements

STATE (STATUS) CITATION	KEY TEXT
Colorado (failed) <u>CO SB 26-102</u>	Local governments set water conservation requirements for large-load data centers: 40-2.5.103(6) “A large-load data center operator shall optimize operational water management through the implementation of water-efficient technology, as determined by a local government with jurisdiction over the large-load data center.” Report to state: 40-2.5-104(1) “No later than June 30, 2028, and no later than each June 30 thereafter, a large-load data center operator shall report to the department of public health and environment...(j) total annual water consumption, including peak water demand per day, types of cooling technologies employed, and efforts to improve on-site water efficiency and reuse; (k) total water input in cubic meters that includes all water volumes that enter the large-load data center that are used for the functions of the large-load data center; (l) the sources of water for the large-load data center including municipal water supply, groundwater, and surface water, and whether water from the sources is potable or reclaimed. If the large-load data center utilizes more than one water source, the operator shall provide information regarding water usage from each source as a percentage of total water usage. (m) water-usage effectiveness [defined as the total water consumption of a large-load data center, including direct and indirect water usage, divided by the electricity consumption of information technology equipment, including computing, storage, and networking equipment, in the large-load data center on an annual basis, expressed as liters per kilowatt-hour.” State publishes local code requirements on water conservation requirements that local governments may adopt: 40-2.5-106(1)(a) “On or before June 30, 2027, the department of local affairs shall publish model local codes for the development of large-load data centers. The model codes must consider... (IV) establishing water and land use policy mechanisms and development review processes to align with large water user development with sustainable water management, including water-related siting considerations, the use of nonpotable supplies and on-site water reuse, and water efficiency tools and technology. The policy mechanisms and development review processes may include: (A) establishing additional requirements for large water users; (B) implementing water demand offset or net neutral growth policies; (C) adopting water allocation policies with quantified water resources for water intensive <i>continued on next page</i>

STATE (STATUS) CITATION	KEY TEXT
<i>cont.</i> Colorado (failed) <u>CO SB 26-102</u>	industrial growth; (D) requiring conservation plans with identified efficiency and reuse best practices in water service applications; or (E) developing reporting guidance and templates for water and water use streams..." Report to local governments: 40-2.5-106(1)(c)(2) "With its development permit application for a large-load data center, a large-load data center developer shall submit a site assessment to the local government reviewing the development permit application. A site assessment must include descriptions of: (a) anticipated total water footprint, including direct and indirect water usage and total water input in cubic meters; (b) planned water sources, including information regarding water usage from each source as a percentage of total water usage. . . ."
Iowa (pending) <u>IW HF 2001</u>	Water conservation efforts required for new or modified data centers: Sec. 3. 455L.3. "1. All new data centers, and any data center permitted but not yet under construction as of January 1, 2026, must utilize water-efficient cooling technology. 2. Any expansion or renovation of an existing data center on or after January 1, 2026, must bring the entire facility into compliance with a water usage effectiveness rating of two-tenths liter per kilowatt hour. 3. To reduce potable water demand and protect the state's freshwater resources, data centers are encouraged to do the following: a. Utilize air-based or hybrid cooling systems. b. Source water for cooling from nonpotable supplies, including the following: (1) Surface or river water. (2) Storm water, graywater, or other recycled sources. (3) Treated wastewater, especially where it would otherwise be discharged directly to rivers or streams. c. Install on-site or off-site water treatment systems that bring such water described in paragraph "b" to the appropriate quality for cooling system use. 4. Data centers utilizing treated wastewater shall coordinate with local utilities to ensure that water is used prior to discharge, and that all thermal and chemical discharge complies with applicable environmental standards." Report water conservation efforts to state: Sec 5. "Facilities subject to this section must submit a cooling and water sourcing plan to the department prior to construction or expansion or renovation, and also annual compliance reports for five years following commissioning or expansion or renovation." <i>continued on next page</i>

STATE (STATUS) CITATION	KEY TEXT
<i>cont.</i> Iowa (pending) <u>IW HF 2001</u>	Added Enforcement — New state procedures to monitor and enforce water efficiency and sourcing: Sec. 4. 455L.4 “Enforcement and penalties. 1. The department shall adopt rules establishing procedures for monitoring, enforcement, and verification under this chapter. 2. The department may conduct inspections and audits, order the submission of water usage and sourcing documentation, and review treatment and cooling system operations. 3. A data center found in violation of a rule or order issued pursuant to this section or in violation of section 455L.3 is subject to the following: a. A civil penalty of up to ten thousand dollars per day of noncompliance. b. A corrective action order with a compliance timeline. c. Suspension or revocation of construction or operating permits, if applicable.”
Missouri (pending) <u>MO HB 3364</u>	State issues permit to large industrial water users contingent on water availability criteria: 640.640 “2. In order to protect the access, use, and enjoyment of Missouri’s water resources, it shall be unlawful for any person to withdraw and use more than two million gallons of water per day on average in a single month unless such person holds a major industrial water user permit issued by the department, is a public water system as defined in section 640.102, or such water is used for agricultural purposes. 3. The director shall review each major industrial water user permit application and all supporting materials to ensure all the following conditions have been met prior to approving a major industrial water user permit application: (1) There are water resources available in the volumes and withdrawal rates requested by the applicant; (2) The volume and withdrawal rates requested by the applicant shall not exceed eighty percent of the capacity of the water resource; (3) The volume and withdrawal rates requested by the applicant shall not interfere with existing and projected in-state beneficial uses; and (4) The applicant has demonstrated that water in the amounts and rates requested can feasibly be withdrawn.” Report required to maintain industrial water user permit: 640.640 “6. A major industrial water user permit shall be in effect for five years from the date of issuance. The permit holder shall annually report the water use volumes and withdrawal rates to the department in a manner and on timelines determined by the department. Such report shall be made available to the public on the department’s website.” <i>continued on next page</i>

STATE (STATUS) CITATION	KEY TEXT
<i>cont.</i> Missouri (pending) <u>MO HB 3364</u>	Added Enforcement: 640.640 “9. If the attorney general receives a complaint that provisions of this section have been violated, or at the request of the department, the attorney general shall bring an injunctive action or other appropriate action in the name of the people of the state to enforce provisions of this section. Suit may be brought in Cole County, or in any county where the defendant's principal place of business is located or where the withdrawal of water occurred in violation of this section. Any member of the commission deemed to have violated any provision of this section shall forfeit their office upon such finding of a violation.” Data centers might be considered large users subject to additional tariffs to offset impacts to other rate payers: 247.222. “A public water supply district shall develop a service tariff schedule applicable to customers reasonably projected to exceed either two million gallons per day or eighty percent of the available capacity for that system per day. The tariff schedule shall ensure that customers' rates reasonably reflect the representative share of the costs incurred to serve the customers and prevent other customer classes' rates from reflecting unjust or unreasonable costs arising from service to customers with either two million gallons per day or eighty percent of the available capacity for that system per day.” Large users must enter rate-shifting contracts subject to state approval: “393.403. A water corporation shall enter into a commission-approved contract with customers whose water usage is reasonably projected to exceed either two million gallons per day or eighty of the available capacity for that system per day. The contract shall reasonably reflect the customer's representative share of costs incurred to serve the customer and prevent other customer classes' rates from reflecting any unjust or unreasonable costs arising from service to such customer. The water corporation shall submit such contracts for approval by the commission.”
Missouri (pending) <u>MO HB 2239</u>	Water conservation efforts required for AI-optimized data centers: 640.1600 “4. Each AI-optimized data center subject to this section shall: (1) Implement a closed-loop water cooling system, or an alternative system verified by the department to achieve equal or lower water withdrawal and discharge intensity per megawatt-hour of compute load; (2) Incorporate continuous monitoring of make-up water volume, discharge temperature, and chemical concentrations; and (3) Maintain emergency and redundancy protocols to prevent thermal pollution or water contamination in the event of system failure.” <i>continued on next page</i>

STATE (STATUS) CITATION	KEY TEXT
<i>cont.</i> Missouri (pending) <u>MO HB 2239</u>	Report to state: 640.1600 “5. (1) Each operator shall submit, before April first of each year, an environmental and health report for the preceding calendar year to the department in accordance with the standardized digital formats and reporting templates created by the department as authorized under this section or by rule. (2) The report shall include the following information: (a) Total annual water withdrawn, recycled, and discharged in gallons or liters; (b) Sources of water such as municipal, groundwater, or recycled, and discharge locations; (c) Water quality metrics including pH, temperature, biocides, metals, and chemical additives; (d) Documentation of closed-loop performance efficiency, make-up water percentage, and any leaks or discharges;... (i) Record of chemical use for cooling or maintenance processes; HB 2239 2 (j) Air and water quality monitoring results within a five-mile radius of the facility; (k) Any public health complaints or incidents linked to data center operations;... (n) Documentation of all inspections, violations, and corrective actions taken during the reporting year.” Added Enforcement: 640.1600 “7. Any violation of the provisions of this section including, but not limited to, a violation listed in subdivision (1) or (2) of this subsection shall result in the imposition of a civil penalty up to fifty thousand dollars per day: (1) Failure to install a closed-loop system in compliance with the law; or (2) Failure to submit an annual environmental and health report under subsection 5 of this section. 8. The department may suspend or revoke operational permits for repeated or willful noncompliance after a hearing conducted by the administrative hearing commission under chapter 621 and subject to the burden of proof provision under section 640.012.”
New Jersey (pending) <u>NJ SB 4143</u>	Applications for local development approval include energy use plans with water conservation efforts: Section 3 “b. Upon a finding by the board pursuant to subsection b. of section 4 of this act, and published in the New Jersey Register and on the board’s internet website, any person submitting an application for local development approval for the establishment of an AI data center or a cryptocurrency mining facility within the State shall simultaneously prepare and submit an energy usage plan to the board for approval. The energy usage plan shall include, at a minimum, procedures that the AI data center or the cryptocurrency mining facility will utilize to:... (3) optimize water usage, including the process the AI data center or the cryptocurrency mining facility will use to source water in a manner that has the least negative impacts to the environment and to drinking water;... (5) utilize the heat generated by the computers in the AI data center or the cryptocurrency mining facility for water or space heating in the AI data center or the cryptocurrency mining facility or adjacent buildings.”

STATE (STATUS) CITATION	KEY TEXT
South Carolina (pending) Companion Bills: <u>SC SB 724</u> and <u>SC HB 4583</u>	Water conservation requirements: Section 39-81-130. “(A) A data center must employ a closed-loop water or liquid cooling system resulting in zero net water withdrawal and zero wastewater discharge. (B) A facility may not extract groundwater, use municipal water for cooling, or employ evaporative or open-loop cooling systems. (C) A facility must submit annual closed-loop certification including third-party verification and documentation of water losses, chemical treatment processes, and fluid replacement volumes.” Added Enforcement – strict liability: Section 39-81-140. “(A) A company that operates a data center is strictly liable, without the need to prove negligence, for: (1) environmental damage including, but not limited to, contamination of the soil, water, air, or wildlife habitat; and (2) public health impacts arising directly or indirectly from the data center’s operations. (B) Liability may not be transferred, indemnified, shielded, or assigned to third-party contractors, shell entities, or special purpose subsidiaries. (C) A company must maintain environmental bonding or liability insurance in an amount not less than fifty million dollars, or a greater amount set by regulation based on facility size. (D) Enforcement authority for this section is vested in the Department of Environmental Sciences (SCDES).” Report water conservation and environmental monitoring to elected state officials: Section 39-81-160 “By January first each year, a company that operates a data center must submit to the Speaker of the House of Representatives, the President of the Senate, and the Governor a report detailing... (2) water usage metrics and closed-loop verification; (3) environmental monitoring. . . .” Added Enforcement: Section 39-81-170 “(A) A company who owns a data center that knowingly and willfully violates this chapter is subject to an administrative fine in the amount of one thousand dollars for each violation. (B) In cases of repeated violations, the Department of Consumer Affairs may suspend the operating permit of a data facility or shut down the facility.”

C. Tax Exemption Requirements

STATE (STATUS) CITATION	KEY TEXT
Colorado (failed) <u>CO HB 26-1030</u>	Creates the data center development program and authority, including one water management expert: 24-48.5-804. (III) Within the office of economic development, consisting of nine members, one member of which “has experience in water projects or water resource management, appointed by the president of the senate. . . .” 24-48.5-805 “(1) The data center development and incentive program is created to facilitate efficient data center development by allowing tax relief to a data center operator of a certified data center. . . .” 24-48.5-808 “(1) (a)...a data center operator of a certified data center is eligible for a one hundred percent state sales and use tax exemption on qualified purchases...” Tax exemption requires water conservation efforts: 24-48.5-806 “(1) To qualify for certification...a data center operator...shall commit to... (e) Implementing water stewardship measures that optimize operational water management through implementation of closed-loop cooling systems or cooling system technology that does not use water, and the optional deployment of additional water-efficient technology... (g) consulting with the department of natural resources regarding wildlife areas, wildfire and urban interface, and water. . . .” Report water management to state, water utility may confirm adequate water supply: 24-48.5-807 “(1)(a) The [newly created data center development] authority shall review all applications for certification submitted by a data center operator...(d) Within fourteen days of receiving a complete application for certification from a data center operator that identifies that data center will use water as part of its cooling system, the authority shall notify the utility that will provide water for the data center, as identified in the application, of the application. Within sixty days of the date that the authority notifies the utility, the utility shall provide documentation to the authority attesting that the water management plan for the data center is sufficient and will not negatively impact existing customers through rate increases or water availability... (e)(1) If a utility fails to provide the authority with any documentation, report, assessment, or application required... within the required time frame, the authority may proceed to review and approve an application for certification without the required documentation, report, assessment, or application.” This must be added later upon receipt. Failure to do so allows the authority to reject the application.

STATE (STATUS) CITATION	KEY TEXT
Kansas (enacted) <u>K.S.A. 79-3606(xxxx)</u> and <u>K.S.A. 74-50,331</u>	Tax exemption on water conservation efforts for data center operators: 79-3606(xxxx): “all sales of tangible personal property or services purchased for the purpose of and in conjunction with constructing, reconstructing, enlarging or remodeling a qualified data center by a qualified firm that meets the requirements established in K.S.A. 2025 Supp. 74-50,331 through 74-50,333, and amendments thereto, and has been approved and certified for a project exemption certificate by the secretary of commerce, the sale and installation of machinery and data center equipment and eligible data center costs purchased by such qualified firm for such qualified data center and labor services to install, apply, repair, service, alter or maintain data center equipment of such qualified firm at such qualified data center.” Water conservation systems included in tax exemption: Data center equipment includes “all water conservation systems, including facilities or mechanisms that are designed to collect, conserve, or reuse water...”
Washington (enacted) <u>RCW 82.08.9861</u>	Tax exemption on server equipment regardless of water conservation commitment: 82.08.9861 “(1)(a) An exemption from the tax imposed by RCW 82.08.020 is provided for sales to qualifying businesses and to qualifying tenants of eligible server equipment to be installed, without intervening use, in an eligible computer data center to which a valid exemption certificate applies, and to charges made for labor and services rendered in respect to installing eligible server equipment.” State encourages water conservation efforts: 82.08.9861 “(5) A qualifying business or a qualifying tenant claiming the exemption under this section is encouraged to take direct steps to adopt practices to mitigate negative environmental impacts resulting from expanded use of data centers, including through... (d) Taking actions to conserve, reuse, and replace water. This includes using water efficient fixtures and practices; treating, infiltrating, and harvesting rainwater; recycling water before discharging; partnering with local water utilities to use discharged water for irrigation and other water conservation purposes; using reclaimed water where possible for data center operations; and supporting water restoration in local watersheds.”

D. Prior Appropriation Requirements

STATE (STATUS) CITATION	KEY TEXT
Idaho (enacted) <u>ID HB 895</u>	State must consider additional criteria for new appropriations and transfers of water by data centers: Section 1 “(1) The Legislature finds that data centers, as defined in section 63-3622VV, Idaho Code, require significant amounts of water, and, therefore, finds, for purposes of sections 42-202A and 42-222, Idaho Code, that the water required by data centers: (a) Conflicts with the local public interest as defined in section 42-202B, Idaho Code; (b) Is contrary to the conservation of water resources within the state of Idaho; and (c) Will adversely affect the local economy of the watershed or local area within which the source of water for the proposed use originates, in the case where the place of use is outside of the watershed or local area where the source of water originates. (2) The Legislature further finds that the director of the Department of Water Resources is required to make findings related to these criteria when evaluating a new appropriation or transfer of existing water rights for data centers, and it is the intent of the Legislature for the director to consider these legislative findings regarding the data center's consumptive use and its impacts to Idaho's water supply.” Sourcing requirements: Section 2 (42-252) “Data centers, as that term is defined in section 63-3622VV, Idaho Code, that begin construction on or after July 1, 2026, may not use water for cooling purposes as a consumptive use, unless the water is supplied by a municipal, water district, or water and sewer district water system.”

Endnotes

- ¹ Nick Bowlin, *Data Centers Are Hogging This Town's Water*, Sierra Club (May 1, 2025), <https://www.sierraclub.org/sierra/data-centers-are-hogging-town-s-water>; Water Policy and Innovation Service, Portland State Univ. Nat'l Pol'y Consensus Ctr., <https://www.pdx.edu/policy-consensus-center/water-policy-and-innovation-service> (last visited June 24, 2026) (describing not only the concerns of data center water use in Oregon, but also existing tools and future options for addressing those concerns).
- ² Mike Rogoway, *More Oregon Water for Google's Data Centers, More Concern Over Secrecy*, Oregonian/OregonLive (Apr. 6, 2026), <https://www.oregonlive.com/silicon-forest/2026/04/more-oregon-water-for-googles-data-centers-more-concern-over-secrecy.html>.
- ³ Oliver Milman & Andrew Witherspoon, *Majority of U.S.'s New AI Datacenters to Be Built on Drought-Hit Land*, Guardian (June 8, 2026), <https://www.theguardian.com/us-news/2026/jun/08/datacenter-ai-drought-water>.
- ⁴ Global Water Intelligence & Xylem, *Watering the New Economy: Managing the Impacts of the AI Revolution 10* (2026), <https://amp.xylem.com/m/aa10f8022757c5e/original/Watering-the-New-Economy-DIGITAL-final.pdf>.
- ⁵ *Id.*
- ⁶ Scanlan, Melissa K. and McCauley, Peyton and Sutherland, Cora, *Powering Progress or Peril? The Hidden Environmental Costs of Data Centers and AI* (September 25, 2025). Available at SSRN: <https://ssrn.com/abstract=5560480> or <http://dx.doi.org/10.2139/ssrn.5560480>.
- ⁷ Felicity Barringer, *Thirsty for Power and Water, AI-Crunching Data Centers Sprout Across the West*, & the West (Apr. 8, 2025), <https://andthewest.stanford.edu/2025/thirsty-for-power-and-water-ai-crunching-data-centers-sprout-across-the-west/>.
- ⁸ Arman Shehabi et al., *2024 United States Data Center Energy Usage Report 55* (Lawrence Berkeley Nat'l Lab., LBNL-2001637, 2024).
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- ²⁵ The authors would like to thank the supporters of the Getches-Wilkinson Center Western Water Policy Program who made this report possible: Conscience Bay Company, Walton Family Foundation, Gates Family Foundation, and Justin Brooks Fisher Foundation.



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