

State legislation addressing water usage and data centers

Enacted Legislation

State	Bill/Code Section	Description
Arkansas	AR SR 14 (2024)	Data Centers Act of 2023 - Authorizes the introduction of a nonappropriation bill to amend the Arkansas data centers act of 2023; regulates the impact on water usage and the electric grid by blockchain networks and digital asset mining.
Kansas	KS S 98 (2025)	<p>Data Centers</p> <ul style="list-style-type: none"> • New Sec. 2. (a) A qualified firm that makes an investment in eligible data center costs in a qualified data center of at least \$250,000,000 in the aggregate by the fifth year of operations and creates and maintains at least 20 new jobs at the qualified data center within two calendar years after the commencement of operations shall receive a sales tax exemption, as provided by K.S.A. 79-3606 and amendments thereto, and section 3, and amendments thereto, for: <ul style="list-style-type: none"> ○ (5) commit to undertake practices that will conserve, reuse and replace water, including, but not limited to: <ul style="list-style-type: none"> ▪ (A) Using water efficient fixtures and practices; ▪ (B) treating, infiltrating and harvesting rainwater; ▪ (C) recirculating and recycling water before discharging; ▪ (D) partnering with state and local governmental entities and private individuals and entities to use discharged water for irrigation, water conservation or other beneficial purposes; ▪ (E) using reclaimed water when possible; and ▪ (F) supporting water restoration efforts in local watersheds; and
Minnesota	MN H 16 a (2025)	<p>Data Centers - Relates to data centers; modifies various environmental and energy regulatory requirements governs data centers; authorizes a clean energy and capacity tariff; modifies sales and use tax exemptions; imposes a fee; classifies data.</p> <ul style="list-style-type: none"> • Subd. 5b. Large water appropriation projects; permit conditions. (a) In issuing new or modified water use permits to applicants that meet the definition of a data center, as defined in section 216B.02, subdivision 11, whose proposed new or additional consumptive use

		<p>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:</p> <ul style="list-style-type: none"> ○ (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.
Washington	WA S 5431 (2025)	<p>Tax and Revenue Laws - Modifies tax and revenue laws in a manner that is not estimated to affect state or local tax collections.</p> <ul style="list-style-type: none"> • (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.

Pending Legislation

State	Bill/Code Section	Description
California	CA A 1577 (2026)	Data Centers: Monthly Reporting - Requires the State Energy Resources Conservation and Development Commission to establish a process for the owner of a data center, as defined, to submit specified information to the commission on a monthly basis, including, among other information, the data center's power usage effectiveness, as defined, water usage effectiveness, as defined, and total water consumption and the quantity of fuel consumed by onsite generators or other fuel-based energy systems, as specified.
Florida	FL H 1007 (2026)	Hyperscale Data Centers - Provides that hyperscale data centers are prohibited use on or after date certain for specified land use categories in local in comprehensive plans and agricultural zoning districts within unincorporated areas; prohibits utilities, in fixing rates for hyperscale data centers, from collecting certain impact fees; requires permit applications for consumptive use of water relating to hyperscale data centers to contain specified disclosure; prohibits construction and operation of hyperscale data centers.
Illinois	IL S 2181 (2025)	Data Center Energy and Water Reporting Act - Creates the Data Center Energy and Water Reporting Act; defines terms; provides that, beginning January 1, 2026, all data centers operating within the State shall annually report the data center's energy and water consumption to the Power Agency for the preceding calendar year; sets forth requirements for the content of the report; provides that reports shall be submitted to the

		Agency no later than March 31 of each year; sets forth provisions concerning data confidentiality and public access to inform.
Indiana	IN H 1043 (2026)	Data Center Water Regulation - Relates to data center water regulation; defines data center; prohibits a person from operating a data center in Indiana without obtaining a consumption permit from the department of natural resources (department); sets forth information that must be included in a consumption permit application; establishes procedures for the department to approve or deny a consumption permit application.
	IN S 79 (2026)	Data Center Development - Relates to data center development; requires the Indiana utility regulatory commission (commission) to establish a working group to, determine an estimate of the future electricity demands of the data center industry in Indiana, and report to the general assembly regarding the working group's findings and recommendations not later than October 31, 2026; requires, a person that operates a data center in Indiana to submit to the commission a quarterly report of the amount of electricity used by the data. <ul style="list-style-type: none"> Provides that a county, municipality, or township shall, before issuing a permit to a person for construction of a data center: (1) require the person to disclose the projected power and water usage of the facility
Iowa	IA H 2001 (2026)	Water Efficiency of Data Centers - Relates to water efficiency of data centers, including requirements for water-efficient cooling technologies and encouragement for the use of non-potable and recycled water sources; provides civil penalties.
Massachusetts	MA H 495 (2026)	Emissions from Artificial Intelligence - Relates to reducing emissions from artificial intelligence. <ul style="list-style-type: none"> (1) The study required under this section shall include an examination of: <ul style="list-style-type: none"> (iii) the energy and water consumption for the cooling of the data centers used in the design, development, deployment, and use of artificial intelligence models.
Michigan	MI S 762 (2026)	Data Centers - Provides energy and water usage report requirements for data centers.
Minnesota	MN H 2928 (2025)	Applications for Large Water Appropriation Projects - Relates to energy; requires preapplication filings for large water appropriation projects; adds information to permit applications for large water appropriation projects; specifies the level of environmental review for data centers; removes data centers' energy consumption from the calculation of a utility's energy savings goal; exempts data centers from making financial contributions to an energy conservation and optimization plan; deposits fee revenues in an account to be used for energy conservation.
	MN H 1150 (2025) MN S 1117 (2025)	Environmental Impacts of Artificial Intelligence - Relates to environment; requires study of environmental impacts of artificial intelligence; requires a report; appropriates money.

		<ul style="list-style-type: none"> (3) an assessment of the energy and water consumption for cooling the data centers used in the design, development, deployment, and use of artificial intelligence models.
Missouri	MO H 2239 (2026)	<p>Artificial Intelligence Data Center - Creates the Artificial Intelligence Data Center Environmental Accountability Act.</p> <ul style="list-style-type: none"> (4) "Environmental and health report", an annual, publicly available document submitted by an AI-optimized data center operator detailing water, air, energy, waste, and community health metrics;
New Jersey	NJ S 1213 (2026)	Water Data Center at Public Institution - Establishes Water Data Center at public institution of higher education; appropriates a specified amount.
	NJ S 2274 (2026)	Data Center Water and Energy Usage Report - Requires owner or operator of data center to submit water and energy usage report to Board of Public Utilities.
New York	NY S 6394 (2026)	<p>Energy Consumption by Data Centers - Regulates energy consumption by data centers; provides that power purchase agreements for any energy generated through the consumption of fossil fuels shall not provide economic incentives or discounts to regulated data centers.</p> <ul style="list-style-type: none"> Section 2. Legislative intent and findings. The legislature finds that data centers are significant energy and water consumers and significant contributors to air and water pollution. The expansion and operation of data centers across the state impairs New York state's ability to achieve the renewable energy and emissions reduction benchmarks required by the climate leadership and community protection act due to their significant use of energy and water and significant emissions of greenhouse gases generated through the power needs of their operation. Given the growing demand for the construction of data centers, there is a critical need to improve the energy efficiency of data centers and reduce their energy consumption, water consumption, reliance on fossil fuels, and emissions. Likewise, the large quantities of water used by data centers contribute an additional threat to the health of the state's waters, the ecosystems of which they are an integral part, and the residents of the state who rely on them.
Ohio	OH H 646 (2026)	<p>Data Center Study Commission - Creates the Data Center Study Commission.</p> <ul style="list-style-type: none"> (D) The Commission shall examine all of the following concerning data centers: <ul style="list-style-type: none"> (3) Water usage and impact on the local water supply;
Pennsylvania	PA H 2150 (2026)	Energy Consumption and Water Consumption - Provides for annual reporting of energy consumption and water consumption by data centers; imposes a penalty.
South Carolina	SC H 4583 (2026)	Data Center Responsibility Act - Enacts the state data center responsibility act; ensures that data centers operating in state do so responsibly, sustainably, and without burdening taxpayers.

		<ul style="list-style-type: none"> (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
	SC S 724 (2026)	Commercial Data Centers - Requires commercial data centers that consume three million gallons of water on a monthly basis to annually report their water usage to the Department of Environmental Services; provides penalties; defines necessary terms.
Tennessee	TN H 2061 (2026) TN S 1600 (2026)	Utility Districts - Requires certain data centers to register with the Tennessee public utilities commission; requires electric and water utilities that provide service to registered data centers to report usage and rates to the commission; requires the commission's executive director to compile and publish certain information based on reports received from utilities.
Utah	UT H 76 (2026)	Data Center Water Policy Amendments - Addresses reporting related to water use and data centers.
Vermont	VT H 720 (2026)	Cloud Computing Public Utility Act - Relates to the cloud computing public utility act. <ul style="list-style-type: none"> (4) an analysis of the relationship between energy and water demand and cloud infrastructure deployment, including data center energy and water consumption patterns.
Virginia	VA H 496 (2026)	Siting of Data Centers - Relates to siting of data centers; relates to site assessment; relates to water use disclosures; provides that, prior to any approval of a rezoning application, special exception application, or special use permit for the siting of a new data center, a locality shall require that an applicant perform and submit a site assessment to examine and disclose the expected water use for the new data center.
	VA H 589 (2026)	Water Use Consumption of Data Centers - Relates to certain data from water users; relates to water use consumption of data centers; requires any water user that provides water to a data center, as defined in the bill, and is required to register certain water withdrawal and use data with the State Water Control Board to report to the Board, on a monthly basis or as frequent a basis as practicable, the total volume of water, including the portion that is reclaimed water, provided to such data center during the reporting period.
	VA S 417 (2026)	Cloud Computing Cluster Infrastructure Grant Fund - Relates to cloud Computing Cluster Infrastructure Grant Fund; relates to reclaimed water usage; requires data center operators applying for grant payments from the Cloud Computing Cluster Infrastructure Grant Fund to utilize reclaimed water, defined in the bill, for water-dependent cooling processes at data center and cloud computing cluster operations facilities; provides that gradually increases the reclaimed water utilization requirement at such facilities from 60 percent of all water-dependent process.
Wisconsin	WI A 722 (2026)	Large Energy Customer Fees - Concerns large energy customer fees; concerns electric utility very large customer class; concerns a renewable resource tariff; builds requirements for data centers; concerns water usage by large customers; concerns required pay rate on large scale data center projects grants rule making authority.

Failed Legislation

State	Bill/Code Section	Description
Arkansas	AR S 10 (2025)	States Data Centers - Amends the State Data Centers Act of 2023; regulates the impact on water usage and the electric grid by blockchain networks and digital asset mining.
California	CA A 93 (2025) Vetoed	Water Resources: Data Centers - Requires a person who owns or operates a data center to provide its water supplier an estimate of the expected water use. Requires a person who owns or operates a data center to self-certify, under penalty of perjury, on the application, that they have provided the data center's water supplier with a report of the annual water use.
Connecticut	CT H 5076 (2025)	Energy and Water Efficiency Requirements - Concerns energy and water efficiency requirements for artificial intelligence data centers; promotes energy and water consumption efficiency in artificial intelligence data centers.
Louisiana	LA HCR 61 92025)	Water Resources - Creates a special task force to study the interagency consultation process for data centers to ensure more complete natural resource planning and management. <ul style="list-style-type: none"> • BE IT FURTHER RESOLVED that the Interagency Group shall: <ul style="list-style-type: none"> ○ (1) Investigate long-term energy and water consumption demand for or by approved and potentially proposed projects. ○ (3) Identify options the state can consider to implement long-term water resource and energy planning into project approvals. ○ (4) Identify pathways to resolve potential conflicts between water users, especially in times of water shortages.
Maryland	MD S 116 (2025) Vetoed	Data Center Impact Analysis and Report - Requires the Department of the Environment, the Maryland Energy Administration, and the University of Maryland School of Business, in coordination with the Department of Legislative Services, to conduct an analysis of the likely environmental, energy, and economic impacts of data center development in the State.
Montana	MT HJR 46 (2025)	Data Centers - Relates to the study resolution on data centers. <ul style="list-style-type: none"> • (6) identify the potential demand of data centers on Montana's ground and surface water resources
New jersey	NJ A 5548 (2025) NJ S 4293 (2025) Vetoed	Data Center Water and Energy Usage Report - Requires owner or operator of data center to submit water and energy usage report to Board of Public Utilities.
	NJ A 5564 (2025) NJ S 4827 (2025)	Artificial Intelligence Data Centers - Requires submission of energy usage plan to Board of Public Utilities for proposed artificial intelligence data centers; requires all electricity for artificial intelligence data centers to be derived from new clean energy sources. <ul style="list-style-type: none"> • (3) optimize water usage, including the process the AI data center will use to source water in a manner that has the least negative impacts to the environment and to drinking water.

	NJ A 5892 (2025)	Large Scale Data Centers Water Use Effects - Requires Department of Environmental Protection to conduct study of short and long term effects of water use by large scale data centers.
Oregon	OR H 3698 (2025)	Directs data centers to report water and electricity used to the Water Resources Department and the State Department of Energy.
Virginia	VA H 338 (2025)	Relates to siting of data centers; relates to site assessment; requires a locality, prior to any approval for the siting of a data center, to perform a site assessment to examine the effect of the data center on water usage and carbon emissions as well as any impacts on agricultural resources within the locality.
	VA H 1288 (2025)	Relates to public utilities; relates to classification of customers; requires that a public electric utility or a public utility authorized to furnish water or water and sewer service include a separate classification for data centers when satisfying the existing requirement that any rate, toll, charge, or schedule of a public utility is only considered to be Just and reasonable by the State Corporation Commission if the public utility has demonstrated certain conditions.
	VA H 2377 (2025)	Relates to comprehensive plan; relates to data centers; relates to water usage; requires every locality to incorporate into its comprehensive plan provisions that prioritize and evaluate alternative methods of cooling, such as air cooling, geothermal cooling, or other innovative technologies that minimize water usage, particularly in the context of approving or siting data centers or similar land uses.