

AMENDED IN SENATE JUNE 15, 2026

AMENDED IN ASSEMBLY APRIL 8, 2026

CALIFORNIA LEGISLATURE—2025–26 REGULAR SESSION

ASSEMBLY BILL

No. 2619

Introduced by Assembly Member Papan

February 20, 2026

An act to add Sections 16000.4 and 16100.4 to the Business and Professions Code, and to amend ~~Sections~~ *Section* 10632 and 10632.1 of, and to add Section 10609.1 to, the Water Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

AB 2619, as amended, Papan. Water resources: data centers.

(1) Existing law authorizes the legislative body of an incorporated city and the county board of supervisors to license businesses carried on within their respective jurisdictions and to set license fees, as specified.

This bill would require a person who owns or operates a data center, prior to applying to a city or a county for an initial business license, equivalent instrument, or permit, to 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. When applying to a city or county for an initial business license, the bill would require a person who owns or operates a data center to 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. When applying to a city or county for a renewal of a business license,

equivalent instrument, or permit, the bill would require a person who owns or operates a data center to report, under penalty of perjury, on the application, the data center's annual water use for the preceding calendar year, including total water use, direct water use, and indirect water use, as prescribed. By expanding the crime of perjury, the bill would impose a state-mandated local program. The bill would define terms for purposes of these provisions.

Existing law establishes the State Energy Resources Conservation and Development Commission with various responsibilities with respect to developing and implementing the state's energy policies. Existing law establishes the Department of Water Resources and prescribes the powers and responsibilities of the department.

This bill would require the Department of Water Resources and the State Energy Resources Conservation and Development Commission to develop, on or before January 1, 2029, guidelines and best practices to maximize the efficient use of natural resources to address the developing and emerging needs of technology in California that are consistent with urban water use objectives under prescribed provisions of law. The bill would specify that these guidelines and best practices include, among others, the use of closed-loop systems and nonpotable water. The bill would also require the department, in coordination with other relevant state agencies, to develop guidance that cities and counties may use for assessing projected water use, water efficiency measures, and cumulative water resource impacts of proposed data centers within the context of local and regional water management objectives.

(2) Existing law, the Urban Water Management Planning Act, requires every public and private urban water supplier that directly or indirectly provides water for municipal purposes to prepare and adopt an urban water management plan. Existing law requires an urban retail water supplier to quantify past, current, and projected water use, identifying the uses among water use sectors, including, among others, commercial, agricultural, and industrial. Existing law requires every urban water supplier to prepare and adopt a water shortage contingency plan as part of its urban water management plan. Existing law requires the water shortage contingency plan to include the procedures used in conducting an annual water supply and demand assessment, including the key data inputs and assessment methodology used to evaluate the urban water supplier's water supply reliability for the current year and one dry year. ~~On or before July 1 of each year, existing law requires an urban water supplier to submit an annual water shortage assessment~~

~~report to the department with information for anticipated shortage, triggered shortage response actions, compliance and enforcement actions, and communication actions consistent with the supplier's water shortage contingency plan. Those key data inputs and assessment methodology used to evaluate water supply reliability include, among other things, current year unconstrained demand, considering certain factors.~~

~~This bill would require that data center demand be added to the above-described annual water supply and demand assessment and annual water shortage contingency plan, as specified: specify that the current year unconstrained demand includes, but is not limited to, the unconstrained demand of data centers, irrigation, and other large water users.~~

(3) The bill would include findings that changes proposed by this bill address a matter of statewide concern rather than a municipal affair and, therefore, apply to all cities, including charter cities.

(4) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. (a) It is the intent of the Legislature that data
2 centers are considered commercial, industrial, and institutional
3 users under the state's "Making Conservation a California Way
4 of Life" regulation (Article 1 (commencing with Section 965) of
5 Chapter 3.5 of Division 3 of Title 23 of the California Code of
6 Regulations), consistent with the urban water use objectives under
7 Chapter 9 (commencing with Section 10609) of Part 2.55 of
8 Division 6 of the Water Code.

9 (b) The Legislature finds and declares that the growth of data
10 center operations has created increasing demand for water
11 resources, which have implications for statewide sustainability
12 goals. The Department of Water Resources possesses the technical
13 expertise, planning capacity, and regulatory experience necessary
14 to evaluate and develop efficiency standards that balance

1 operational reliability with resource conservation. California law
2 has long required individual businesses and facilities to report
3 water withdrawals, discharges, and related operational data directly
4 to state or local water agencies where those activities may affect
5 water supply, water quality, or aquatic resources.

6 (c) The Legislature finds that large scale data centers
7 increasingly function as critical infrastructure with substantial and
8 growing demands on water resources and that a similar framework
9 of periodic, standardized facility level reporting is necessary to
10 support statewide water conservation, infrastructure planning, and
11 environmental protection in California.

12 SEC. 2. Section 16000.4 is added to the Business and
13 Professions Code, to read:

14 16000.4. (a) For purposes of this section:

15 (1) “Data center” means a facility that houses computing
16 infrastructure, including graphics and central processing units,
17 servers, storage devices, networking equipment, and associated
18 power and cooling systems, for the primary purpose of processing,
19 storing, or distributing electronic data. Types of data centers
20 include only the following:

21 (A) “Type I data center,” also commonly known as a “hyperscale
22 data center,” means a data center with more than 10,000 servers
23 or a power consumption of more than 25 megawatts.

24 (B) “Type II data center” means a data center with a power
25 consumption of at least 2 megawatts and no more than 25
26 megawatts.

27 (C) “Type III data center” means a data center with a power
28 consumption of less than two megawatts.

29 (2) “Water supplier” means either of the following:

30 (A) “Community water system,” as defined by Section 116275
31 of the Health and Safety Code.

32 (B) “Urban water supplier,” as defined by Section 10617 of the
33 Water Code.

34 (b) (1) Prior to applying to a city for an initial business license,
35 equivalent instrument, or permit, a person who owns or operates
36 a data center shall provide its water supplier, under penalty of
37 perjury, an estimate of the expected water use, the anticipated
38 source of water, and the data center’s projected water use volume
39 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.

SEC. 3. Section 16100.4 is added to the Business and Professions Code, to read:

16100.4. (a) For purposes of this section:

(1) "Data center" means a facility that houses computing infrastructure, including graphics and central processing units, servers, storage devices, networking equipment, and associated power and cooling systems, for the primary purpose of processing, storing, or distributing electronic data. Types of data centers include only the following:

(A) "Type I data center," also commonly known as a "hyperscale data center," means a data center with more than 10,000 servers or a power consumption of more than 25 megawatts.

(B) "Type II data center" means a data center with a power consumption of at least 2 megawatts and no more than 25 megawatts.

(C) "Type III data center" means a data center with a power consumption of less than two megawatts.

(2) “Water supplier” means either of the following:

(A) “Community water system,” as defined by Section 116275 of the Health and Safety Code.

(B) “Urban water supplier,” as defined by Section 10617 of the Water Code.

(b) (1) Prior to applying to a county 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 county 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 county 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.

SEC. 4. Section 10609.1 is added to the Water Code, to read:

10609.1. (a) On or before January 1, 2029, the department and the State Energy Resources Conservation and Development Commission shall develop guidelines and best practices to maximize the efficient use of natural resources to address the

1 developing and emerging needs of technology in California that
2 are consistent with urban water use objectives under this chapter
3 and the Energy Star program of the United States Environmental
4 Protection Agency, as that program existed on January 1, 2025,
5 to the extent that the Energy Star program is applicable to water
6 usage.

7 (b) Pursuant to subdivision (a), best practices shall include, but
8 not be limited to, all of the following:

9 (1) The use of closed-loop systems.

10 (2) The use of nonpotable water.

11 (3) The installation of rainwater and stormwater capture
12 infrastructure.

13 (4) Water-efficient practices for indoor and outdoor water use.

14 (5) Water-efficient practices need to be scalable and increased
15 for type I and type II data centers, as defined in subdivision (d).

16 (6) Location, design, construction, and capacity of cooling water
17 intake structures reflecting the best technology available for
18 minimizing adverse environmental impact.

19 (c) On or before January 1, 2029, the department, in coordination
20 with other relevant state agencies, shall develop guidance that
21 cities and counties may use for assessing projected water use, water
22 efficiency measures, and cumulative water resource impacts of
23 proposed data centers within the context of local and regional water
24 management objectives.

25 (d) For purposes of this section, “data center” means a facility
26 that houses computing infrastructure, including graphics and central
27 processing units, servers, storage devices, networking equipment,
28 and associated power and cooling systems, for the primary purpose
29 of processing, storing, or distributing electronic data. Types of
30 data centers include only the following:

31 (1) “Type I data center,” also commonly known as a “hyperscale
32 data center,” means a data center with more than 10,000 servers
33 or a power consumption of more than 25 megawatts.

34 (2) “Type II data center” means a data center with a power
35 consumption of at least 2 megawatts and no more than 25
36 megawatts.

37 (3) “Type III data center” means a data center with a power
38 consumption of less than two megawatts.

39 SEC. 5. Section 10632 of the Water Code is amended to read:

1 10632. (a) Every urban water supplier shall prepare and adopt
2 a water shortage contingency plan as part of its urban water
3 management plan that consists of each of the following elements:

4 (1) The analysis of water supply reliability conducted pursuant
5 to Section 10635.

6 (2) The procedures used in conducting an annual water supply
7 and demand assessment that include, at a minimum, both of the
8 following:

9 (A) The written decisionmaking process that an urban water
10 supplier will use each year to determine its water supply reliability.

11 (B) The key data inputs and assessment methodology used to
12 evaluate the urban water supplier's water supply reliability for the
13 current year and one dry year, including all of the following:

14 (i) Current year unconstrained demand, ~~including data center~~
15 ~~demand,~~ *including, but not limited to, the unconstrained demand*
16 *of data centers, irrigation, and other large users,* considering
17 weather, growth, and other influencing factors, such as policies to
18 manage current supplies to meet demand objectives in future years,
19 as applicable.

20 (ii) Current year available supply, considering hydrological and
21 regulatory conditions in the current year and one dry year. The
22 annual supply and demand assessment may consider more than
23 one dry year solely at the discretion of the urban water supplier.

24 (iii) Existing infrastructure capabilities and plausible constraints.

25 (iv) A defined set of locally applicable evaluation criteria that
26 are consistently relied upon for each annual water supply and
27 demand assessment.

28 (v) A description and quantification of each source of water
29 supply.

30 (3) (A) Six standard water shortage levels corresponding to
31 progressive ranges of up to 10, 20, 30, 40, and 50 percent shortages
32 and greater than 50 percent shortage. Urban water suppliers shall
33 define these shortage levels based on the suppliers' water supply
34 conditions, including percentage reductions in water supply,
35 changes in groundwater levels, changes in surface elevation or
36 level of subsidence, or other changes in hydrological or other local
37 conditions indicative of the water supply available for use. Shortage
38 levels shall also apply to catastrophic interruption of water supplies,
39 including, but not limited to, a regional power outage, an
40 earthquake, and other potential emergency events.

1 (B) An urban water supplier with an existing water shortage
2 contingency plan that uses different water shortage levels may
3 comply with the requirement in subparagraph (A) by developing
4 and including a cross-reference relating its existing categories to
5 the six standard water shortage levels.

6 (4) Shortage response actions that align with the defined
7 shortage levels and include, at a minimum, all of the following:

8 (A) Locally appropriate supply augmentation actions.

9 (B) Locally appropriate demand reduction actions to adequately
10 respond to shortages.

11 (C) Locally appropriate operational changes.

12 (D) Additional, mandatory prohibitions against specific water
13 use practices that are in addition to state-mandated prohibitions
14 and appropriate to the local conditions.

15 (E) For each action, an estimate of the extent to which the gap
16 between supplies and demand will be reduced by implementation
17 of the action.

18 (5) Communication protocols and procedures to inform
19 customers, the public, interested parties, and local, regional, and
20 state governments, regarding, at a minimum, all of the following:

21 (A) Any current or predicted shortages as determined by the
22 annual water supply and demand assessment described pursuant
23 to Section 10632.1.

24 (B) Any shortage response actions triggered or anticipated to
25 be triggered by the annual water supply and demand assessment
26 described pursuant to Section 10632.1.

27 (C) Any other relevant communications.

28 (6) For an urban retail water supplier, customer compliance,
29 enforcement, appeal, and exemption procedures for triggered
30 shortage response actions as determined pursuant to Section
31 10632.2.

32 (7) (A) A description of the legal authorities that empower the
33 urban water supplier to implement and enforce its shortage
34 response actions specified in paragraph (4) that may include, but
35 are not limited to, statutory authorities, ordinances, resolutions,
36 and contract provisions.

37 (B) A statement that an urban water supplier shall declare a
38 water shortage emergency in accordance with Chapter 3
39 (commencing with Section 350) of Division 1.

1 (C) A statement that an urban water supplier shall coordinate
2 with any city or county within which it provides water supply
3 services for the possible proclamation of a local emergency, as
4 defined in Section 8558 of the Government Code.

5 (8) A description of the financial consequences of, and responses
6 for, drought conditions, including, but not limited to, all of the
7 following:

8 (A) A description of potential revenue reductions and expense
9 increases associated with activated shortage response actions
10 described in paragraph (4).

11 (B) A description of mitigation actions needed to address
12 revenue reductions and expense increases associated with activated
13 shortage response actions described in paragraph (4).

14 (C) A description of the cost of compliance with Chapter 3.3
15 (commencing with Section 365) of Division 1.

16 (9) For an urban retail water supplier, monitoring and reporting
17 requirements and procedures that ensure appropriate data is
18 collected, tracked, and analyzed for purposes of monitoring
19 customer compliance and to meet state reporting requirements.

20 (10) Reevaluation and improvement procedures for
21 systematically monitoring and evaluating the functionality of the
22 water shortage contingency plan in order to ensure shortage risk
23 tolerance is adequate and appropriate water shortage mitigation
24 strategies are implemented as needed.

25 (b) For purposes of developing the water shortage contingency
26 plan pursuant to subdivision (a), an urban water supplier shall
27 analyze and define water features that are artificially supplied with
28 water, including ponds, lakes, waterfalls, and fountains, separately
29 from swimming pools and spas, as defined in subdivision (a) of
30 Section 115921 of the Health and Safety Code.

31 (c) The urban water supplier shall make available the water
32 shortage contingency plan prepared pursuant to this article to its
33 customers and any city or county within which it provides water
34 supplies no later than 30 days after adoption of the water shortage
35 contingency plan.

36 ~~SEC. 6. Section 10632.1 of the Water Code is amended to read:~~

37 ~~10632.1. An urban water supplier shall conduct an annual water~~
38 ~~supply and demand assessment pursuant to subdivision (a) of~~
39 ~~Section 10632 and, on or before July 1 of each year, submit an~~
40 ~~annual water shortage assessment report to the department with~~

1 ~~information for anticipated shortage, triggered shortage response~~
2 ~~actions, compliance and enforcement actions, data center demand,~~
3 ~~and communication actions consistent with the supplier's water~~
4 ~~shortage contingency plan. An urban water supplier that relies on~~
5 ~~imported water from the State Water Project or the Bureau of~~
6 ~~Reclamation shall submit its annual water supply and demand~~
7 ~~assessment within 14 days of receiving its final allocations, or by~~
8 ~~July 1 of each year, whichever is later.~~

9 ~~SEC. 7.~~

10 *SEC. 6.* The Legislature finds and declares that water
11 conservation is a matter of statewide concern and is not a municipal
12 affair as that term is used in Section 5 of Article XI of the
13 California Constitution. Therefore, Section 2 of this act adding
14 Section 16000.4 to the Business and Professions Code applies to
15 all cities, including charter cities.

16 ~~SEC. 8.~~

17 *SEC. 7.* No reimbursement is required by this act pursuant to
18 Section 6 of Article XIII B of the California Constitution because
19 a local agency or school district has the authority to levy service
20 charges, fees, or assessments sufficient to pay for the program or
21 level of service mandated by this act or because costs that may be
22 incurred by a local agency or school district will be incurred
23 because this act creates a new crime or infraction, eliminates a
24 crime or infraction, or changes the penalty for a crime or infraction,
25 within the meaning of Section 17556 of the Government Code, or
26 changes the definition of a crime within the meaning of Section 6
27 of Article XIII B of the California Constitution.