Attempted and Successful Measures to Regulate Data Centers in the U.S.

Compiled by Columbia Riverkeeper

I. Introduction

The following is a list, from 2023 until August 2025, of measures that states and localities have considered for regulating data centers. Key issues among measures that seek to constrain data center development include:

- Concern by states for meeting their clean energy goals;
- Concern by states for rising energy costs;
- Concern by states for sourcing adequate energy to meet increased demand, including data center energy demand;
- Concern by states for increased water demand; and
- Concern over lack of data center transparency.

II. State Bills

- Bills under consideration (last updated Aug. 2025)
    - California: SB 57 (2025)
        - Bill would require the state Public Utilities Commission to establish a special rate structure to protect residential ratepayers and small businesses from the cost of building new transmission lines which supply data centers. The bill also would allow companies to pay ahead of time for expected energy usage.
        - Senator Padilla's press release for introducing the measure: https://sd18.senate.ca.gov/news/senator-padilla-introduces-legislative-package-protect-ratepayers-and-incentivize-green-energy
    - California: AB 222 (2025)
        - Seeks to introduce reporting and disclosure requirements with respect to energy use by data center operators that provide computing resources to AI developers.
    - California: SB 58 (2025)
        - Would incentivize, through tax exemptions on data center equipment, data center development if the projects meet sustainability and jobs requirements (including sourcing at least half of their energy supply from behind-the-meter sources.)
    - New Jersey: S4143 (2025)
        - This bill would create a requirement that proposed data centers must submit energy usage plans to the New Jersey Board of Public Utilities. Such plans would need to detail the following:
            - How the facility will source its energy from renewable sources;

        - How the facility will minimize the energy used to cool its computers;
        - How the facility will optimize water usage;
        - How the facility will ensure its ventilation and weatherproofing ensures energy efficiency;
        - How the facility will use the heat from its computing to warm other parts of its facility.
    - S4143 would require that no new data center can connect to New Jersey's grid without approval of its energy usage plan from the New Jersey Board of Public Utilities.
    - The bill also would create a requirement that data centers use renewable energy, such that there is no net decrease in the renewable energy supplied to the state's transmission and distribution system.
    - Article on energy usage and grid issues in New Jersey: https://www.njpp.org/publications/report/why-are-new-jersey-electricity-bills-going-up-and-what-does-pjm-have-to-do-with-it/
- New York: S6394 (2025), reintroduced March 2025
    - This bill would require disclosure of any construction activities, if a data center is 5 MW or larger. The bill also would require annual data center disclosure reports that would include information about efforts towards greater energy efficiency and overall sustainability, including the following:
        - Specific efforts taken to reduce energy consumption;
        - Comparisons of each year's energy use;
        - Projected energy use;
        - Efforts to reduce fossil fuel consumption and to increase renewable energy use;
        - Efforts made to reduce water use and to protect the public from water pollution.
    - The bill includes requirements about when data centers must source their energy from renewable sources:
        - By 2030, 1/3 must be from renewable sources;
        - By 2035, 2/3 must be from renewable sources;
        - By 2040, all power must be from renewable sources.
    - S6394 would establish energy bill credits for low- and moderate-income persons in the communities that host the data centers.
    - **July 16, 2025 Update:** This bill is still active. It is currently in the New York Senate Environmental Conservation Committee. On June 9, 2025, the bill was amended and recommitted to the Environmental Conservation Committee.

- Bills that did not pass (or were vetoed)
    - Arkansas: SB 10 (2025)
        - Sought to monitor usage by blockchain networks and digital asset mining.
    - Connecticut: HB 5076 (2025)
        - Sought to amend state statutes to increase reporting and energy usage requirements for data centers, such that:
            - Data centers would be required to use at least 50% renewable energy;
            - Data centers would be required to use energy storage systems and modern grid infrastructure;
            - Data centers also must implement water conservation measures;
            - And data centers must report annual energy consumption, water consumption, and emissions.
    - Georgia: HB 1192 (2024)
        - Sought to suspend new tax exemptions for certain data center equipment (an existing exemption) for two years.
        - Vetoed by the Governor
    - Georgia: SB 34 (2025)
        - Sought to require costs of data center-related utility infrastructure to be recovered in a way that shields other ratepayers.
    - Illinois: SB 0094 (2025)
        - Sought to restrict data center development by foreign-owned companies, by requiring foreign-owned data center proposals to undergo a joint study of the proposal's energy consumption.
    - Illinois: SB 2181 (2025)
        - Sought to require data center operators to report annual water and energy consumption to the Illinois Power Agency beginning next year.
    - Illinois: SB 2473/HB3779 (2025)
        - The Clean and Reliable Grid Affordability (CRGA) Act bears some resemblance to OR's POWER Act and sought to require new data centers to cover their own grid interconnection costs and energy needs; create a regulatory oversight process to shield residential customers from data center-related costs.
        - Illinois Citizens Utility Board is leading utility regulation reform.
    - Maryland: SB 116 (2025)
        - Sought to require an analysis of the likely environmental, energy, and economic impacts of data center development.
        - Vetoed by the Governor in May 2025.

- Minnesota: HF 2928 (2025)
  - Sought to establish regulatory requirements for siting and operation of large data centers—including water use, energy use, cost allocation, and environmental review. The bill would require preapplication evaluation of projects whose water use would exceed 100 million gallons per year or 250,000 gallons per day. Additionally, it would require state review to determine that water resources are being used in the public interest, that technology which promotes water conservation is being considered, and that water-use conflicts are being addressed. The bill would also require environmental impact statements for construction of new data centers and for expansion of existing data centers;
  - Require an annual fee from data center owners. The revenue from this fee would be used for weatherization and energy-conservation programs in low-income households;
  - Require data centers, prior to 2030, to arrange to procure or generate carbon-free energy for at least 65% of its energy consumption. After 2030, data centers would have to generate or purchase 100% carbon-free energy for their electricity requirements.
    - Compliance with this requirement would be tracked and verified by state energy tracking system;
  - Establish fees for data centers for each megawatt a data center used during peak demand times.
  - Description of the bill: https://www.house.mn.gov/sessiondaily/Story/18677
- Nevada: AB 226 (2025)
  - Sought to require all businesses seeking tax abatements, including data centers, to develop and implement a community benefits plan, would allow the Nevada Office of Economic Development to investigate whether a business is following its community benefits plan, and would require a business to repay any abatements with interest if the business is found not to substantially have complied with the terms of its community benefits plans.
  - Vetoed by Governor
- New York: S6394 (2025), reintroduced March 2025 (see above)
  - Sought to require annual disclosure reporting by data centers, prohibit incentives in fossil fuel power purchase agreements with utilities, require the NY Public Service Commission to create a community discount plan to account for increased energy costs for customers with host communities and make data center operators responsible for subsidizing energy costs within the host community.

    - Oregon: HB 2816 (2023)
        - Bill would have required data centers to meet the same GHG reduction levels as the state's large investor-owned utilities. Amazon lobbied heavily against the bill.
    - Oregon: SB 553 (2025)
        - Would require the state Department of Energy to study data center power usage and report its findings, including possible recommendations, to the state legislature.
    - South Carolina: H. 5118 (2024)
        - This bill would have included measures to prevent data centers from getting discounted power rates, but the bill was struck down in committee.
    - Virginia: SB 192 (2024)
        - SB 192 would have required data center operators to meet energy efficiency standards in order to be eligible for sales and use tax exemptions. The bill appears to have died in committee.
    - Virginia: HB 1601 (2025)
        - Sought to address how localities handle the approval process for new high-energy use facilities by requiring applicants to submit a site assessment before rezoning or special use permits could be approved, examining the impact of the facility's sound profile on nearby residential units and schools. The bill also exempts expansions of existing data centers that do not exceed 100 MW.
        - Note: this was the only of the 32 data center-related bills introduced in the Virginia General Assembly to pass both chambers in 2025. It was vetoed by the Governor.

- Bills that passed
    - Arkansas: HB 1444 (2025)
        - Expands tax breaks for data centers by reducing the investment thresholds that data centers must meet in order to qualify for those tax breaks. The tax breaks also are broadened to cover expansions to data centers.
    - Kansas: SB 98 (2025)
        - Provides qualifying data centers with sales tax exemptions. To qualify, a business must have invested at least $250 million into a data center by the data center's fifth year of operation. The sales tax exemption is then valid for 20 years after the data center starts operations. The data center also must have created and maintained 20 new jobs within two years of starting operations. Lastly, the data center must commit to purchase electricity for 10 years from the relevant utility.

        - https://kansasreflector.com/2025/04/15/kansas-legislature-slips-under-the-wire-a-sales-tax-break-to-incentivize-hyperscale-data-centers/
    - Indiana: SB 431 (2025)
        - Requires foreign-owned data center proposals to undergo a joint study by the Indiana utility regulatory commission and the Indiana economic development corporation. The entities would then certify to the governor and the general assembly that the electricity estimated to be used by the data center will be self-generated and will not affect the load supply of the regional transmission organizations whose service territory includes Indiana.
    - Kentucky: HB 775 (2025)
        - Expands sales tax and use exemption for qualified data centers, and creates different thresholds for qualification depending on population. The created exemptions last for 25 and 50 years.
    - Michigan: HB 4906 (2025)
        - Extends sales tax exemption for data centers until 2050. The exemption applies to companies that have created 1000 jobs connected to the data center industry between 2016 and 2026.
        - https://www.michiganpublic.org/environment-climate-change/2025-02-04/michigan-legislation-encourages-data-centers-to-come-to-michigan-despite-environmental-concerns
    - Nevada: SB 69 (2025)
        - Requires companies with tax abatements for certain projects with capital investments of $1 billion or more to enter into agreements with the city's or county's governing body and fire protection district to defray the cost of local governmental services and infrastructure that will service the project.
    - Oregon: HB 3546 (2025)
        - The POWER Act requires the PUC to submit a report reviewing trends in load requirements and other implications from large energy use electricity consumers;
        - Creates a new customer category for data centers;
        - Requires data centers to sign minimum contracts with utilities of at least 10 years;
        - Imposes fees if the facility exceeds or underestimates energy use.
    - Texas: SB 6 (2025)
        - Proposed, in part, to avoid the type of load usage issues that occurred during Winter Storm Uri in 2021. Texas has relatively low energy rates and an easy permitting process, making it an attractive location for data centers.

        - Includes minimum transmission fees for all large-load users. The bill also includes a "kill switch" provision that would allow the state to divert energy away from certain commercial users, such as data centers, in times of elevated state-wide need. Signed into law on June 20, 2025.
    - West Virginia: HB 2014 (2025)
        - Creates a microgrid program for data centers; Limits the application of certain zoning ordinances to data center development; Creates a unique tax code for data centers; Tax revenue from the data centers is split between a personal income tax reduction fund, the county where the data center is located, the other counties in the state, an economic development grant program, and a grid stabilization fund.

III. State Utility Oversight

- California
    - (Proposed) PG&E, the largest utility company in CA, has proposed Electric Rule 30, which would create a streamlined approach for interconnecting new transmission-level electric retail customers, including data centers, into PG&E's existing transmission system.
- Georgia
    - Adopted January 2025: The Georgia Public Service Commission approved new rules for new large-load Georgia Power customers using more than 100 MW of electricity to be billed based on the risks associated with their projects.
        - Requires data centers to pay for upstream generation, transmission and distribution costs incurred as their construction progresses
        - New contracts with the state utility Georgia Power with large load customers exceeding 100 MW would need to be submitted to the PSC for review
        - Requires longer contract lengths and minimum billing requirements
- Indiana
    - February 2025: The Indiana Utility Regulatory Commission approved a settlement agreement that sets terms for connecting data centers and other large loads to the grid.
        - The parties to the settlement agreement include Indiana Michigan Power (an investor-owned utility, subsidiary of AEP), Indiana Office of Utility Consumer Counselor, Citizens Action Coalition of Indiana (consumer and environmental advocacy org), Amazon, Google, Microsoft and the Data Center Coalition
        - Agreement on revised tariff structure for industrial loads applied to new or expanded facilities with contract capacity of at least 70 MW or 150 MW aggregated across a company.

        - Any planned reduction of more than 20% of a large load customer's contracted peak capacity must be submitted to the agency for its review and approval.
- Minnesota
    - February 2025: Minnesota's Public Utilities Commission voted not to exempt a data center development from permitting rules for generators at a proposed data center facility. Under Minnesota law, a "large energy facility" must obtain a certificate of need from the Public Utilities Commission. Although the data center developer stated that its diesel generators would be backup and not connected to the grid, the PUC ruled that the project must obtain a certificate of need.
        - The MN Senate considered a bill (SF 1393) to exempt data centers from acquiring a certificate of need, but it did not pass.
- Nevada
    - March 2025: The Public Utilities Commission of Nevada approved a stipulation agreement that would allow a developer to power its data center in Nevada with only clean energy under a new clean transition tariff with its interconnecting utility, NV Energy. This new model could offer data centers greater choice in where they receive power from in Nevada.
- Ohio
    - October 2024: American Electric Power (AEP)-one of the US's largest investor-owned utilities serving over 5 million customers across 11 states–reached a settlement agreement with the Public Utilities Commission of Ohio that sets terms and conditions for connecting data centers to the grid. The settlement involved large energy users, utilities, data center coalition (representing industry interest) climate and consumer advocates and regulators. The agreement requires the following:
        - New data centers larger than 25 MW must pay for at least 85% of the energy they expect to need each month, even if they use less, to cover the cost of infrastructure needed to bring electricity to the facilities;
        - Data centers must show they are financially viable and able to meet certain requirements and to pay an exit fee if they cannot meet obligations set in their contracts.
- Oregon
    - December 2024: The Oregon PUC ruled in favor of a PacifiCorp proposal that would penalize large-load customers whose energy use at new facilities is not in line with forecasted needs. The new rules, which PacifiCorp argues will incentivize more accurate load forecasts and help avoid unnecessary or premature spending, took effect in February 2025.

IV. Local Oversight

- Virginia
    - March 2025: The city of Manassas is considering raising taxes on data center equipment by 67%.
    - February 2025: Henrico County approved a 550% increase in tax on data center computers and related equipment.
    - March 2025: Loudoun County (area with a high concentration of data centers) approved changes to zoning laws that eliminated by-right development of data centers, meaning the facilities are no longer able to be approved administratively and are now required to seek and obtain approval for a special exemption which entails a stringent legislative review and public hearings before both the Loudoun County Planning Commission and the Board of Supervisors.
    - September 2024: Fairfax County enacted a requirement that data centers be built at least 200 feet from abutting property and undergo a noise study.
- Arizona
    - January 2023: City of Chandler approved new data center regulations, including amending zoning requirements and requiring a sound study, noise mitigation measures and a detailed communications protocol with impacted residents.
    - December 2024: Phoenix City Council approved new data center regulations, similar to those passed in Chandler.

V. Reports & Study Groups

- Washington's Data Center Workgroup
    - Created in early 2025, after repeated extension of WA's generous tax abatement program for data centers, Gov. Ferguson signed an executive order convening a study group of data centers' impacts on job creation, tax revenue, energy use, tribal resources, and the environment.
    - The Data Center Workgroup held its first meeting on May 9, 2025. The group appears to be heavily anchored by data center industry advocates. A full roster of the group's members is here and the Workgroup's list of possible topics is here.
- State of Virginia's Joint Legislative Audit and Review Commission Report on Data Centers in Virginia (2024)
    - Background: Virginia has the largest number of data centers of any state in the United States. This report was prepared to inform the state legislature about the impacts of those data centers.
    - Findings
        - Predicted that data centers in the state would increase energy system costs for all consumers.
        - Found that there was not sufficient oversight for the distribution of available water in state localities.

        - Found that despite data centers being incompatible with residential uses, data centers in Virginia had been built near to residential areas:
            - Some data centers had been inadequately zoned;
            - Some local officials had granted exceptions to data centers which had allowed the data centers to cause adverse residential impacts;
            - However, the three localities with the largest data center markets had taken steps to change their zoning ordinances to better management data center development.
        - Found that state localities generally did not require sound modeling studies before data centers were built.
        - Found that changes to the state's data center sales tax exemption could impact concerns about the data centers. The data center sales tax exemption allows data centers to purchase relevant equipment without paying sales tax. (ex. purchases of computers, servers, cooling equipment, network infrastructure, and generators).
    - Legislative Recommendations
        - Clarify that electric utilities can delay, but not deny, service to customers when the addition or customer load cannot be supported;
        - Direct Dominion Energy (a primary energy provider in Virginia) to develop a plan to address the risk of existing customers getting stuck with rising infrastructure costs;
        - Authorize local governments to require sound modeling studies for proposed data center developments, as well as authorize local governments to establish and enforce maximum sound levels for existing data centers.
    - Executive Recommendations
        - Clarify that grants under the Virginia Business Ready Sites Program can be used for potential data center sites.
    - Policy Options
        - Suggested that the state could condition the sales tax exemption on data centers meeting a certain energy standard.
        - Suggested that the state could allow electric cooperatives to create subsidiaries to fulfill legal obligations to provide energy services to customers with load capacity over 90 MW.
        - Suggested that the state could require that data centers only use types of generators with a lower environmental impact for their back-up electricity.