STATE OF NEW YORK

10487

IN SENATE

May 15, 2026

Introduced by Sen. COMRIE -- read twice and ordered printed, and when printed to be committed to the Committee on Environmental Conservation

AN ACT to amend the environmental conservation law, in relation to requiring large-capacity data-center facilities to implement advanced water recycling, reuse, closed-loop cooling and reporting standards; to provide incentives and technical assistance; and to establish enforcement mechanisms; and to amend the state finance law, in relation to establishing the data center water stewardship fund

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Short title. This act shall be known and may be cited as the "data center water stewardship and reuse act".

§ 2. Legislative findings and intent. In accordance with the policy declared in section 1-0101 of the environmental conservation law that "the quality of our environment is fundamental... to prevent, abate and control water, land and air pollution..." -- the legislature finds that:

1. Large-scale computing and data-center facilities are becoming major users of water-resources for cooling and process use.

2. Reducing reliance on potable public water supply systems and increasing use of recycled or reclaimed water is consistent with the state's environmental policy and the functions of the department of environmental conservation ("DEC") to promote reuse and water-resource protection.

3. It is therefore the intent of this act to integrate data-center water-use management into the state's environmental conservation framework, ensuring sustainability, watershed protection, and technological innovation.

§ 3. Article 15 of the environmental conservation law is amended by adding a new title 35 to read as follows:

TITLE 35

DATA CENTER WATER STEWARDSHIP AND REUSE REQUIREMENTS

Section 35-0101. Definitions.
35-0103. Applicability and phasing.
35-0105. Water-reuse and conservation standards.

EXPLANATION--Matter in *italics* (underscored) is new; matter in brackets [-] is old law to be omitted.

LBD14016-01-5

35-0107. Permitting, review and certification.
35-0109. Reporting, transparency and public disclosure.
35-0111. Incentives and technical assistance.
35-0113. Enforcement, penalties and remedies.
35-0115. Exemptions, variances and hardship relief.
35-0117. Technical standards and regulatory updates.

§ 35-0101. Definitions.

As used in this title, the following terms shall have the following meanings:

1. "Data-center facility" means a building or group of buildings, or campus, primarily used to house computer servers, storage systems, network equipment, power distribution and cooling infrastructure, operating continuously or near-continuously for cloud computing, artificial intelligence processing, large-scale computing services, or analogous operations.

2. "Large-capacity computing facility (LCCF)" means any data-center facility that either:

(a) has an aggregate electrical demand of ten megawatts or more; or

(b) utilizes more than five million gallons of potable water annually for cooling, humidification or other facility-related uses; or

(c) is part of a campus comprised of multiple facilities each of which meets paragraphs (a) or (b) of this subdivision.

3."Potable water source" means water withdrawn from a public water supply system or private water system treated to drinking-water standards.

4. "Non-potable recycled water" means water treated for reuse on-site or via off-site reclaimed water system, not treated to drinking-water standards but suitable for cooling, humidification, landscaping, process use or other facility uses as approved by the commissioner.

5. "Closed-loop cooling system" means a system in which the same water or other coolant is recirculated, with only make-up and blow-down losses, and minimal fresh water intake.

6. "Baseline water intake" means the facility's annual potable water intake in gallons in the year immediately prior to enactment of this title or, for new facilities, the projected potable water intake approved under permit.

§ 35-0103. Applicability and phasing.

1. This title applies to any LCCF located within the state, whether new construction, major expansion defined as increase in capacity greater than thirty percent of electrical demand or water use, or existing facility.

2. For new construction or major expansion with site-preparation commencement after January first, two thousand twenty-eight: permits shall require incorporation of non-potable recycled water systems, closed-loop cooling and potable water intake offset measures consistent with section 35-0105 of this title.

3. For existing LCCFs in operation as of January first, two thousand twenty-eight:

(a) By January first, two thousand thirty-one: each facility shall have reduced potable water intake by at least fifty percent of its baseline.

(b) By January first, two thousand thirty-five: each facility must have reduced potable water intake by at least seventy-five percent of its baseline, unless such facility is exempt under section 35-0115 of this title.

4. The commissioner may adopt regulations to phase in compliance for smaller capacity facilities or establish tiered compliance schedules.

§ 35-0105. Water-reuse and conservation standards.

1. New or expanded LCCFs shall ensure that at least sixty percent of process/cooling water intake, excluding domestic potable use, is derived from non-potable recycled water or other approved non-potable sources at initial build.

2. Existing LCCFs shall meet by January first, two thousand thirty-one a minimum of forty percent recycled/non-potable water intake and by January first, two thousand thirty-five a minimum of sixty percent recycled/non-potable water intake.

3. Facilities shall design closed-loop or hybrid cooling systems in which make-up water intake is less than five percent annually of system flow, and avoid discharge of warm water or increased thermal loads to surface waters unless approved under best available technology standards.

4. Facilities shall calculate and publicly report a water-use effectiveness (WUE) metric, gallons of potable water per kilowatt-hour of IT load, and benchmark against peer facilities.

5. Facilities located in watersheds designated by the department as water-stress or water-scarce shall prioritize non-evaporative cooling technologies, including, but not limited to, air-cooled, immersion, or other low-water approaches, and use reclaimed water rather than potable makeup water.

6. Recycled water systems must comply with treatment, quality and reuse standards promulgated by the department and consistent with federal guidelines such as the United States Environmental Protection Agency's industrial water reuse guidance.

§ 35-0107. Permitting, review and certification.

1. The commissioner, in consultation with the New York state energy research and development authority (NYSERDA) and the New York state public service commission (PSC), shall promulgate any necessary rules and regulations establishing:

(a) criteria and procedures for permit review of LCCFs, including water intake estimates, water-reuse plans, watershed impact analyses, cooling system design, energy-water trade-off analysis and heat-reuse potential;

(b) certification protocols for non-potable water treatment and reuse systems; and

(c) procedures for verification of compliance, interim benchmarks and periodic audits.

2. No local zoning, planning or building permit for an LCCF shall be issued unless the approving authority receives a certification from the department that the facility's water reuse/cooling plan complies with this article and implementing regulations.

3. For existing facilities, the department shall issue a "data center water stewardship certificate" once the facility verifies compliance with reduction and reuse targets under sections 35-0103 and 35-0105 of this title; certificates shall be renewed every five years.

4. The department may impose conditions on permits or certificates including, but not limited to, monitoring instrumentation, third-party verification, adaptive remediation plans and periodic audits.

§ 35-0109. Reporting, transparency and public disclosure.

1. Each LCCF shall submit annually to the department a report including, but not limited to:

(a) total potable water withdrawn;

(b) total non-potable recycled water used;
(c) total water discharged (volume, destination, temperature or conductivity, makeup losses);
(d) the facility's water-use effectiveness metric;
(e) description of cooling system, water treatment/reuse system, make-up strategy, heat reuse, if any;
(f) any variances or exemptions granted; and
(g) summary of community/watershed engagement and mitigation measures.
2. The department shall publish an annual "data center water stewardship report" summarizing aggregated data and facility-specific results, subject to confidentiality protection, and make such report available on the department's website.
3. Each facility shall post on its website a summary of its most recent report and certificate status and provide a direct link to the department's public portal.

§ 35-0111. Incentives and technical assistance.

1. Subject to appropriation, NYSERDA and the department shall jointly establish a data center water efficiency grant and loan program to provide cost-sharing grants, low-interest loans or tax credits for:
(a) retrofits of existing LCCFs to upgrade cooling systems, install on-site non-potable water treatment and closed-loop infrastructure; and
(b) pilot projects demonstrating novel low-water cooling, immersion cooling, heat-reuse integration or shared infrastructure (regional reclaimed water lines).
2. The department may offer expedited permitting or reduced fees for LCCFs that exceed the statutory minimums.
3. The state supports inclusion of reclaimed/non-potable water infrastructure in regional water planning, and may assist municipalities or utilities partnering with LCCFs to build shared reuse infrastructure.

§ 35-0113. Enforcement, penalties and remedies.

1. If an LCCF fails to meet required targets or submits false or misleading reports, the commissioner may:
(a) issue a notice of violation;
(b) impose civil penalties up to fifty thousand dollars per day of non-compliance;
(c) suspend or revoke its water-related permit or certificate; or
(d) require submission and implementation of a corrective action plan, subject to department approval.
2. The department may remove certificate status and the facility shall lose eligibility for incentives under section 35-0111 of this title.
3. The state may bring civil action to enjoin non-compliance or compel implementation of required measures.
4. All monetary penalties collected shall be deposited into the data center water stewardship fund pursuant to section eighty-five of the state finance law to be used for technical assistance, water-reuse research grants and watershed restoration.

§ 35-0115. Exemptions, variances and hardship relief.

1. The commissioner may grant a variance or temporary exemption from one or more standard or standards upon written application showing:
(a) technical/geologic/hydrologic constraints prevent full compliance;
(b) the facility has implemented all commercially feasible water reuse measures and additional reduction would cause disproportionate cost or energy penalty; or
(c) the facility proposes an alternate plan providing equivalent potable water reduction, including but not limited to, co-located waste-heat reuse or alternate cooling medium.

2. Variance approval shall include a time-bound schedule for compliance, be publicly posted, and may be subject to conditions.

3. Facilities located in watersheds designated by the department as critical water-stress zones may be subject to stricter standards and less likely to obtain waivers.

§ 35-0117. Technical standards and regulatory updates.

1. The department shall adopt rules and regulations establishing treatment standards, quality specifications and monitoring protocols for non-potable recycled water used by LCCFs, consistent with federal industrial reuse guidance.

2. The department shall review cooling- and water-reuse technologies at least every three years, and may update regulations or guidance accordingly, including but not limited to, immersion cooling, direct-to-chip cooling, and heat recovery systems.

3. The department, in coordination with NYSERDA, shall publish a "water-smart data center design guidelines" document, including, but not limited to, benchmarking tools, best practice case studies and metrics for industry use.

§ 4. The state finance law is amended by adding a new section 85 to read as follows:

§ 85. Data center water stewardship fund. 1. There is hereby established in the custody of the state comptroller and the commissioner of taxation and finance a fund to be known as the "data center water stewardship fund." The department of environmental conservation shall administer such fund.

2. Such data center water stewardship fund shall consist of all revenue collected from any civil penalties imposed pursuant to section 35-0113 of the environmental conservation law and any other monies deposited into such fund pursuant to law. Such funds shall be used for technical assistance, water-reuse research grants and watershed restoration.

3. Moneys of the fund, following appropriation by the legislature, shall be used for execution of data center water stewardship pursuant to title thirty-five of article fifteen of the environmental conservation law, and expended for the purposes as set forth in such title of the environmental conservation law.

§ 5. Severability. If any provision of this act or the application thereof to any person or circumstance is held invalid, the remainder of the act and the application of its other provisions shall not be affected.

§ 6. This act shall take effect immediately. The commissioner of environmental conservation shall adopt the implementing rules and regulations no later than January 1, 2027. The provisions of subdivision two of section 35-0103 of the environmental conservation law as added by section three of this act regarding new facilities for new/expanded construction shall apply to projects with site preparation on or after January 1, 2028. The provisions of subdivision three of section 35-0103 and subdivision two of section 35-0105 of the environmental conservation law as added by section three of this act regarding existing facilities shall apply to projects on and after January 1, 2031.