

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 3966

STATE OF NEW JERSEY  
222nd LEGISLATURE

DATED: OCTOBER 26, 2026

SUMMARY

- Synopsis:

Requires DEP to conduct study of short and long term effects of water use by large-scale data centers.
- Type of Impact:

Time-limited State cost increase.
- Agencies Affected:

Department of Environmental Protection; Board of Public Utilities.

| Fiscal Impact              | 15 Months Following Enactment |
|----------------------------|-------------------------------|
| State Expenditure Increase | Indeterminate                 |

- The Office of Legislative Services (OLS) concludes that requiring the Department of Environmental Protection to conduct a study of effects of water use by large-scale data centers within one year after enactment, and to submit a report of the findings within 15 months after enactment, would result in a time-limited cost increase to the State.
- To the extent the bill’s requirements cannot be met with existing resources, the department may require additional staffing. The magnitude of any additional staffing will depend on decisions made by the department, which the OLS cannot predict.

BILL DESCRIPTION

This bill requires the Department of Environmental Protection to conduct an evaluation of the short and long term effects of water use by large-scale data centers.

Under the provisions of this bill, the study is to consider the short-term effects of water use by large-scale data centers, measured over the preceding three years; the long-term effects of water use by large-scale data centers, measured over the preceding seven years; the anticipated effects of water use by large-scale data centers which may be constructed in the future, as distinct from existing large-scale data centers; any efforts undertaken by the department or by large-scale data center operators to reduce the use of water by large-scale data centers; how the use of water by large-scale data centers has impacted overall State water use and costs; how the use of water by

large-scale data centers has affected the operational efficiency, cooling requirements, or uptime of the large-scale data center due to water constraints; the direct or indirect costs associated with water use by large-scale data centers, including impacts to public water systems, ratepayers, or infrastructure upgrades required to meet demand; an analysis of any feasible water use reduction strategies which could be implemented by any large-scale data centers operated in the State; and any other information which the department determines to be necessary to develop a comprehensive study.

The bill provides that, in conducting the evaluation established under the bill, the department may: (1) require the owner or operator of a large-scale data center, public water system, wastewater utility, sewerage authority, or other relevant entity to submit certain resource use information; (2) rely on permit records, utility records, estimates, and any other reasonably available information if historical data is unavailable, incomplete, or inconsistent; and (3) consult with the Board of Public Utilities and utilize any relevant data reported to the board, pursuant to State law.

Within 15 months of the bill's effective date, the department would be required to submit a report on the findings of the study to the Governor and the Legislature. The Commissioner of Environmental Protection would be authorized to submit recommendations for legislation to improve State laws concerning the use of water by large-scale data centers.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS concludes that requiring the Department of Environmental Protection to conduct a study of effects of water use by large-scale data centers within one year after enactment, and to submit a report of the findings within 15 months after enactment, would result in a time-limited cost increase to the State.

To the extent the bill's requirements cannot be met with existing resources, the department may require additional staffing. The magnitude of any additional staffing will depend on decisions made by the department, which the OLS cannot predict. However, the OLS provides the following hypothetical scenario for purposes of illustration. If an environmental specialist was hired at a salary of \$84,000, with fringe benefits (59.4 percent) and employer FICA (7.65 percent), the total estimated annualized compensation would be \$140,322.

The OLS emphasizes that the bill allows the department to utilize relevant data reported to the Board of Public Utilities, which may to some extent alleviate costs associated with the bill. The OLS also observes a proliferation of published studies and reports which assess the water consumption of data centers.

Additionally, for informational purposes only, the OLS points to examples of legislation enacted in Utah and Virginia. Utah House Bill 76, enacted into law in March 2026, requires land and water resource use reporting to the Utah Department of Natural Resources. The bill was estimated to necessitate ongoing costs of up to \$10,000 by the agency to coordinate with approximately five new, large data centers each year. These coordination efforts would allow the agency to collect and verify data, publish aggregated information to their website, and undertake enforcement actions for data center noncompliance. The agency indicated that it could absorb the cost.

Virginia Senate Bill 553, enacted into law in April 2026, requires any water withdrawal and use data to be submitted by data centers to the Virginia State Water Control Board, along with other environmental impact data. Similarly, fiscal impacts estimated that costs to the state agency could be absorbed within existing resources.

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).