

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 3966

STATE OF NEW JERSEY

DATED: OCTOBER 22, 2026

The Assembly Appropriations Committee reports favorably Assembly Bill No. 3966 (1R).

As reported, this bill requires the Department of Environmental Protection (department) to conduct an evaluation of the short and long-term effects of water use by large-scale data centers.

Under the 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 the use of water by large-scale data centers, including impacts on 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 produce a comprehensive study.

The bill provides that, in conducting the evaluation required 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 any information that the department deems necessary; (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 (board) 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 is authorized to submit recommendations for legislation to improve State laws regarding the use of water by large-scale data centers.

FISCAL IMPACT:

The Office of Legislative Services (OLS) concludes that requiring the Department of Environmental Protection to conduct a study of the 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.