The Florida Senate

BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Regulated Industries

BILL:	SB 484
INTRODUCER:	Senator Avila
SUBJECT:	Data Centers
DATE:	January 16, 2026
REVISED:	

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Schrader	Imhof	RI	**Favorable**
2.			CA	
3.			RC	

I. Summary:

SB 484 revises Florida law regarding the regulation of large-scale data centers and certain other large electricity users. Specifically, the bill:

- Specifies that agencies may not enter into non-disclosure agreements, or other contracts restricting the agency from disclosing information about a potential data center development to members of the public.
- Maintains the authority of local governments to exercise the powers and responsibilities for comprehensive planning and land development regulation granted by law with respect to large load customers.
- Provides definitions for the terms "controlled by," foreign country of concern," "foreign entity," "large load customer," "public utility," "data center," and "large-scale data center."
- Requires the Public Service Commission (PSC) to develop minimum large load tariff requirements for public electric utilities. The tariff requirements must reasonably ensure that large load customers (such as large data centers) pay for their own cost of service and that the general body of rate payers do not bear the risk of non-payment of such cost.
- Prohibits public electric utilities from providing service to large load facilities owned or controlled by foreign countries of concern.
- Establishes a distinct large-scale data center consumptive use permit (CUP) permit requirements and application process. The bill also authorizes water management districts or the Department of Environmental Protection to require large-scale data centers to use some portion of reclaimed water as part of a CUP approval.
- Specifies that CUP modifications involving a large-scale data center must be treated as new, initial applications.

The bill has effective date of the bill of July 1, 2026

II. Present Situation:

Florida Public Service Commission

The Florida Public Service Commission (PSC) is an arm of the legislative branch of government.[1] The role of the PSC is to ensure Florida's consumers receive utility services, including electric, natural gas, telephone, water, and wastewater, in a safe and reliable manner and at fair prices.[2] In order to do so, the PSC exercises authority over utilities in one or more of the following areas: rate base or economic regulation; competitive market oversight; and monitoring of safety, reliability, and service issues.[3]

Electric Utilities

The PSC monitors the safety and reliability of the electric power grid[4] and may order the addition or repair of infrastructure as necessary.[5] The PSC has broad jurisdiction over the rates and service of investor-owned electric and gas utilities[6] (defined as "public utilities" under ch. 366, F.S.).[7] However, the PSC does not fully regulate municipal electric utilities (utilities owned or operated on behalf of a municipality) or rural electric cooperatives. The PSC does have jurisdiction over these types of utilities with regard to rate structure, territorial boundaries, and bulk power supply operations and planning.[8] Municipally-owned utility rates and revenues are regulated by their respective local governments or local utility boards. Rates and revenues for a cooperative utility are regulated by its governing body elected by the cooperative's membership.

Public Electric Utilities in Florida

There are four investor-owned electric utility companies (electric IOUs) in Florida: Florida Power & Light Company (FPL), Duke Energy Florida (Duke), Tampa Electric Company (TECO), and Florida Public Utilities Corporation (FPUC).[9]

Electric IOU rates and revenues are regulated by the PSC, and the utilities must file periodic earnings reports. This allows the PSC to monitor earnings levels on an ongoing basis and adjust customer rates quickly if a company appears to be overearning.[10] If a utility believes it is earning below a reasonable level, it can petition the PSC for a change in rates.[11]

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[1] Section 350.001, F.S.
[2] *See* Florida Public Service Commission, *Florida Public Service Commission Homepage*, http://www.psc.state.fl.us (last visited Dec. 3, 2025).
[3] Florida Public Service Commission, *About the PSC*, https://www.psc.state.fl.us/about (last visited Jan. 15, 2026).
[4] Section 366.04(5) and (6), F.S.
[5] Section 366.05(1) and (8), F.S.
[6] Section 366.05, F.S.
[7] Section 366.02(8), F.S.
[8] Florida Public Service Commission, *About the PSC*, *supra* note 3.
[9] Florida Public Service Commission, *2025 Facts and Figures of the Florida Utility Industry*, pg. 4, Apr. 2025 (available at: https://www.floridapsc.com/pscfiles/website-files/PDF/Publications/Reports/General/FactsAndFigures/April%202025.pdf).
[10] PSC, *2024 Annual Report*, p. 6, (available at: https://www.floridapsc.com/pscfiles/website-files/PDF/Publications/Reports/General/AnnualReports/2024.pdf) (last visited Jan. 15, 2026).
[11] *Id.*

Section 366.041(2), F.S., requires public utilities to provide adequate service to customers. As compensation for fulfilling that obligation, s. 366.06, F.S., requires the PSC to allow the IOUs to recover honestly and prudently invested costs of providing service, including investments in infrastructure and operating expenses used to provide electric service.[12]

Water and Wastewater Utilities

Florida's Water and Wastewater System Regulatory Law, ch. 367, F.S., regulates water and wastewater systems in the state. Section 367.011, F.S., grants the PSC exclusive jurisdiction over each utility with respect to its authority, service, and rates. For the chapter, a "utility" is defined as "a water or wastewater utility and, except as provided in s. 367.022, [F.S.], includes every person, lessee, trustee, or receiver owning, operating, managing, or controlling a system, or proposing construction of a system, who is providing, or proposes to provide, water or wastewater service to the public for compensation." In 2024, the PSC had jurisdiction over 153 investor-owned water and/or wastewater utilities in 40 of Florida's 67 counties.[13]

Section 367.022, F.S., exempts certain types of water and wastewater operations from PSC jurisdiction and the provisions of ch. 367, F.S. (except as expressly provided in the chapter). Such exempt operations include: municipal water and wastewater systems, public lodging systems that only provide service to their guests, systems with a 100-person or less capacity, landlords that include service to their tenants without specific compensation for such service, and mobile home parks operating both as a mobile home park and a mobile home subdivision that provide "service within the park and subdivision to a combination of both tenants and lot owners, provided that the service to tenants is without specific compensation," and others.[14] The PSC also does not regulate utilities in counties that have exempted themselves from PSC regulation pursuant to s. 367.171, F.S. However, under s. 367.171(7), F.S., the PSC retains exclusive jurisdiction over all utility systems whose service crosses county boundaries, except for utility systems that are subject to interlocal utility agreements.

Municipal Water and Sewer Utilities in Florida

A municipality[15] may establish a utility by resolution or ordinance under s. 180.03, F.S. A municipality may establish a service area within its municipal boundary or within five miles of its corporate limits of the municipality.[16]

Under s. 180.19, F.S., a municipality may permit another municipality and the owners or association of owners of lands outside of its corporate limits or within another municipality's corporate limits to connect to its utilities upon such terms and conditions as may be agreed upon between the municipalities.

The PSC does not have jurisdiction over municipal water and sewer utilities, and as such, has no authority over the rates for such utilities. Municipally-owned water and sewer utility rates and

[12] *Id*.
[13] Florida Public Service Commission, *2025 Facts and Figures of the Florida Utility Industry*, *supra* note 9, at 4.
[14] Section 367.022, F.S.
[15] Defined by s. 180.01, F.S., "as any city, town, or village duly incorporated under the laws of the state."
[16] Section 180.02, F.S., *see also* s. 180.06, F.S.

revenues are regulated by their respective local governments, sometimes through a utility board or commission.

PSC Setting of Public Utility Rates and Other Charges

Section 366.041, F.S., establishes the considerations the PSC must apply in fixing just, reasonable, and compensatory rates:

> the [PSC] is authorized to give consideration, among other things, to the efficiency, sufficiency, and adequacy of the facilities provided and the services rendered; the cost of providing such service and the value of such service to the public; the ability of the utility to improve such service and facilities; and energy conservation and the efficient use of alternative energy resources; provided that no public utility shall be denied a reasonable rate of return upon its rate base

Section 366.06, F.S., establishes the PSC's authority to establish and implement procedures for the fixing of and changing public utility rates. Under this section, all applications made by public utilities for changes in rates must be in writing with the PSC under the PSC's established rules and regulations.[17] Section 366.06(2), F.S., requires the PSC to hold a public hearing whenever it finds, upon request made, or upon its own motion, one or more of the following:

- That the rates demanded, charged, or collected by any public utility for public utility service, or that the rules, regulations, or practices of any public utility affecting such rates, are unjust, unreasonable, unjustly discriminatory, or in violation of law;
- That such rates are insufficient to yield reasonable compensation for the services rendered;
- That such rates yield excessive compensation for services rendered; or
- That such service is inadequate or cannot be obtained.

During such a hearing, the PSC must determine just and reasonable rates to be thereafter charged for such service, and promulgate rules and regulations affecting equipment, facilities, and service to be thereafter installed, furnished, and used.[18]

The PSC establishes separate rates and charges for various components of a public utility's cost of providing service to its customers. These are established through various proceedings and processes which include:

- Base rate proceedings (also known as rate cases);
- Cost recovery clauses;
- Interim charges;
- Infrastructure surcharges;
- Tariffs.[19]

[17] Section 366.06(1), F.S.
[18] *Id.*
[19] Florida Public Service Commission, *2026 Agency Legislative Bill Analysis for SB 126*, (Nov. 7, 2025) (on file with the Senate Committee on Regulated Industries).

Tariffs

A public utility's tariffs are a series of documents, approved by the PSC, that provide the utility's rates, terms, and conditions for service. These tariffs also include standardized forms for the utility's service offerings and its standard contracts and agreements. Tariffs are generally revised, as necessary, after a PSC-approved change in a utility's rates or charges and are generally part of any proceeding revising rates or charges. Utilities may also request a tariff change if circumstances warrant doing so. However, the PSC does not establish a return on equity (ROE) or overall rates of return in reviewing stand-alone requests to approve a new, modified, or canceled tariff.[20]

Rate Cases

Rate cases are generally held less frequently than the PSC's other rate and charge proceedings for public utilities. For a public utility, these wide-ranging proceedings seek to address:

- A reasonable rate of return on investment;
- Operating and maintenance expenses; and
- Cost of administering the public utility.[21]

According to the PSC, in setting a reasonable rate of return, it is guided by the principles established in *Bluefield Water Works & Improvement Co. v. Pub. Serv. Comm'n of W. Va.*, 262 U.S. 679 (1923) and *Fed. Power Comm'n v. Hope Natural Gas Co.*, 320 U.S. 591 (1944).[22] In *Bluefield,* the United States Supreme Court found that:

> Rates which are not sufficient to yield a reasonable return on the value of the property used at the time it is being used to render the service are unjust, unreasonable and confiscatory, and their enforcement deprives the public utility company of its property in violation of the Fourteenth Amendment….A public utility is entitled to such rates as will permit it to earn a return on the value of the property which it employs for the convenience of the public equal to that generally being made at the same time and in the same general part of the country on investments in other business undertakings which are attended by corresponding, risks and uncertainties.[23]

Further, the court in *Bluefield* found that such return should be "reasonably sufficient to assure confidence in the financial soundness of the utility and should be adequate, under efficient and economical management, to maintain and support its credit and enable it to raise the money necessary for the proper discharge of its public duties." Further, this "rate of return may be reasonable at one time and become too high or too low by changes affecting opportunities for investment, the money market and business conditions generally."[24] Thus, for a rate of return to be non-confiscatory, it must be adjusted as broader-market circumstances change.

The Supreme Court in *Hope* found that:

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[20] *Id.*.
[21] *Id.*
[22] *Id.*
[23] *Bluefield Waterworks & Imp. Co. v. Pub. Serv. Comm'n of W. Va.*, 262 U.S. 679, 690-92 (1923).
[24] *Id* at 692.

> The fixing of 'just and reasonable' rates, involves a balancing of the investor and the consumer interests…. From the investor or company point of view it is important that there be enough revenue not only for operating expenses but also for the capital costs of the business…. By that standard the return to the equity owner should be commensurate with returns on investments in other enterprises having corresponding risks. That return, moreover, should be sufficient to assure confidence in the financial integrity of the enterprise, so as to maintain its credit and to attract capital.[25]

In *Hope*, the Supreme Court also reiterates its previous decision in *Fed. Power Comm'n v. Nat. Gas Pipeline Co. of Am.*, 315 U.S. 575, 586 (1942) that the "[United States] Constitution does not bind rate-making bodies to the service of any single formula or combination of formulas." Rather, it is "not theory but the impact of the rate order which counts."[26] The court cites with approval that the Federal Power Commission, in its rate-making function, uses "pragmatic adjustments" in fixing rates.[27]

In a base rate proceeding, the PSC establishes a public utility's rate of return or cost of capital. It sets this based on:

- Return on equity (ROE);
- Long-term and short-term debt;
- Customer deposits; and
- Deferred taxes.[28]

The PSC, in a rate proceeding, develops a substantial evidentiary record, which includes analysis of ROE using models generally used in the utility industry. The PSC also takes into account various risks to the public utility when setting ROE. When the PSC approves an ROE for a public utility, it does so within a 100-basis point rate of return (i.e. plus or minus 1 percent).[29]

The rate of return actually earned by the utility is dependent on both the utility's ability to manage costs and react to other factors that may impact its operations. These factors may include:

- Changes in revenues due to the impact of weather on sales;
- New, modified, or cancelled tariffed rates or charges;
- Costs of materials, supplies, and labor; and
- Interest rates affecting the cost of debt.[30]

Salaries and benefits paid to employees of the public utility, including its executives, are part of the PSC's review in a rate case proceeding and the PSC examines these figures in the aggregate. In determining whether such expenses are reasonable and prudent, the PSC will consider

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[25] *Fed. Power Comm'n v. Hope Nat. Gas Co.*, 320 U.S. 591, 603 (1944).
[26] *Id* at 602.
[27] *Id*.
[28] Florida Public Service Commission, *2026 Agency Legislative Bill Analysis for SB 126, supra* note 19.
[29] *Id.*
[30] *Id.*

industry norms and the need to attract and retain qualified executive and non-executive utility personnel.[31]

Establishment of other Bases of Public Utility Customer Charges

Outside of rate cases, the PSC also has other processes for revising, or creating, utility rates and charges. These proceedings include cost recovery clause proceedings and interim charges.

Cost recovery clause proceedings allow public utilities to recover variable, volatile, or legislatively mandated costs.[32] For public electric utilities, the PSC holds annual hearings to allow the utilities to recover expenditures on:

- Fuel and purchased power costs;
- Capacity costs;
- Environmental compliance costs pursuant to s. 366.8255, F.S.;
- Storm protection plan costs pursuant to s. 366.96, F.S.; and
- Energy conservation program costs pursuant to s. 366.80 through 366.83, F.S.

Section 366.93, F.S., also authorizes similar cost recovery for nuclear costs. However, the PSC has not conducted a nuclear cost recovery proceeding since 2018 as no public utility has petitioned for recovery under this clause since that year.[33]

For public natural gas utilities, the PSC holds annual hearings to allow the utilities to recover expenditures on:

- Purchased natural gas costs;
- Energy conservation costs pursuant to s. 366.80 through 366.83, F.S.; and
- Natural gas infrastructure relocation costs pursuant to s. 366.99, F.S.[34]

Outside of cost recovery clause proceedings, the PSC also provides a process for establishing interim charges to quickly recover estimated storm-recovery related expenses. These interim charges are time-limited and are subject to a final true-up proceeding once final costs can be determined for a particular storm or series of storms.[35]

The PSC does not establish ROEs or overall rates of returns in recovery clause and interim charge proceedings, as these focused rate proceedings are limited in scope. Rather, ROE and overall rates of return are set during rate cases, as those proceedings are substantially broader in scope.[36]

[31] *Id*.
[32] *Id.*
[33] Florida Public Service Commission, *2025 Agency Legislative Bill Analysis for SB 354*, (Feb. 28, 2025) (on file with the Senate Committee on Regulated Industries).
[34] Florida Public Service Commission, *2026 Agency Legislative Bill Analysis for SB 126, supra* note 19.
[35] *Id.*
[36] Florida Public Service Commission, *2026 Agency Legislative Bill Analysis for SB 126, supra* note 19.

Data Centers

At its most basic, a data center is a physical facility that contains information technology (IT) infrastructure for storing, processing, and distributing data and the running of shared and distributed applications and services. Data centers can be anything from a dedicated space within a building, a dedicated building, or, for the largest-scale data centers, multi-building campuses.[37]

Generally, the major components of a data center are:

- IT equipment: This would be the core processing, storage, and transmission hardware for a data center—this would include servers, data storage systems, and network gear (such as routers and switches).
- Power infrastructure: This would be all the equipment to supply and maintain power to the facility, including power supplies (including redundant and uninterruptable power supplies to ensure continuous operation), and power distribution units.
- Cooling systems: This would include cooling infrastructure to maintain the data center at ideal temperatures and prevent IT equipment from overheating.
- Physical security: This would include systems that restrict access to the data center and fire suppression systems.[38]

Technically, data centers came about during earliest days of electronic digital computing when machines like the US military's Electrical Numerical Integrator and Computer (ENIAC), completed in 1945, required dedicated computer room space to house its massive machines. For many years, mainframe computers dominated computer rooms. However, in the 1990's when microcomputers came about and replaced mainframes in computer rooms—these microcomputers became known as servers and the computer rooms became known as what would eventually become the modern data center.[39]

The emergence of cloud computing in the early 2000s changed the data center landscape significantly in regard to the purpose and scale of data centers. Data centers went from serving solely one organization's needs (or even one organization's needs at a single location), to shared resources that can be sold and provided as needed to multiple individuals and organizations with the ability to scale up or down as needed—these shared spaces are generally known as colocation data centers.[40]

Tiers/Types of Data Centers

While there are no hard-set size classification scale or guidelines for data centers, they generally fall into one of the below categories:[41]

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[37] Cisco, *What is a Data Center*, https://www.cisco.com/site/us/en/learn/topics/computing/what-is-a-data-center.html (last visited Jan. 12, 2026); and IBM, *What is a Data Center*, https://www.ibm.com/think/topics/data-centers (last visited Jan. 12, 2026).
[38] McKinsey & Company, *What is a Data Center*, https://www.mckinsey.com/featured-insights/mckinsey-explainers/what-is-a-data-center (last visited Jan. 12, 2026).
[39] IBM *supra* note 37.
[40] *Id.*
[41] IBM, *What is a hyperscale data center*, https://www.ibm.com/think/topics/hyperscale-data-center (last visited Jan. 13, 2026); City Science, *Data Centres and Local Planning: Balancing Growth with Environmental Commitments*, Nov. 7, 2025

- Micro data center: These are the smallest type of data center—generally used by single companies or for remote offices of larger operations. Generally, these centers will have up to 10 server racks (or fewer than 140 servers).
  - Power capacity: Less than 150 kilowatts (kW).
  - Size: Less than 5,000 square feet.
- Small-sized data centers: These types of data centers are typical for onsite or regional enterprise facilities. Generally, these types of centers will range from 500-2,000 servers.
  - Power capacity: 1 to 5 megawatts (MW).
  - Size: 5,000 to 20,000 square feet.
- Medium-sized data centers: Also used for onsite or regional enterprise facilities. At the upper end of this scale, one may also see colocation data centers. Generally, these data centers will range from 2,000 to 5,000 servers.
  - Power capacity: 5 to 20 MW.
  - Size: 20,000 to 100,000 square feet.
- Large-scale data center: These are large-scale facilities. However, they are not quite up to what would generally, currently, be considered hyperscale. These facilities can be used for colocation, cloud services, big data analytics, and artificial intelligence. Generally, these data centers will fall somewhere between a medium-sized data center and a hyperscale data center in regard to servers, power capacity, and size.
- Hyperscale data center: These are massive-scale facilities, often involving a large campus of buildings. The International Data Corporation defines "hyperscale" as having at least 5,000 servers and at least 10,000 square feet of data center floor space. In practice, these facilities are multitudes larger than that.[42] Hyperscale data centers are used for cloud services, big data analytics, artificial intelligence and machine learning, streaming services, and large social networks and are run by large cloud providers and big tech firms.[43] While the minimum scale to qualify as a hyperscale can differ according to various sources—generally these facilities start at 40 to 100 MW in power capacity and reach up to a gigawatt or more.[44]

The size of data center facilities is anticipated to continue to grow and the share of the overall market for hyperscale facilities is also anticipated to grow. As of 2025, 41 percent of all data center capacity worldwide is within facilities with a power capacity of 100 MW or more. This figure is expected to grow to 60 percent by 2029.[45]

(available at: https://cityscience.com/news/data-centres-and-local-planning-balancing-growth-with-environmental-commitments/);

[42] IBM, *What is hyperscale?*, https://www.ibm.com/think/topics/hyperscale (last visited Jan. 14, 2026).

[43] BenchMark, *Hyperscale Data Centers and How to Power Them*, Jan. 15, 2025 (available at: https://info.burnsmcd.com/benchmark/article/hyperscale-data-centers-and-how-to-power-them).

[44] Ryan Abramson, Scout Cities, *Titans of Tech: Exploring America's Largest Hyperscale Data Centers*, Jul. 23, 2024 (available at: https://scoutcities.com/blog/the-titans-of-tech-exploring-the-worlds-largest-hyperscale-data-centers); Tawen Dawn-Hiscox, *What is a hyperscale data center*, DATA CENTER DYNAMICS, Sep. 13, 2022 (available at: https://www.datacenterdynamics.com/en/analysis/what-is-a-hyperscale-data-center/#:~:text=How%20big%20is%20a%20hyperscale,capacity%20above%20the%20100MW%20mark.); and Orrick, *Powering Data Centers*, Nov. 20, 2025 (available at https://www.orrick.com/en/Insights/2025/11/Powering-Data-Centers).

[45] Orrick *supra* note 44.

Data Center Growth

An analysis published by McKenzie and Company in 2025 found that the global demand for data center capacity will triple by 2030 and it anticipates a 20 to 25 percent annual growth of data center capacity within the United States during that time. That same analysis found that this growth will likely place substantial strains on United States energy and water supplies.[46]

Data Center Impact on Water Resources

Every piece of electronic IT equipment generates heat as it operates, and high-performance computing tasks, such as machine learning, cloud computing, and large-scale data processing, intensify this heat production because of their near-continuous heavy workloads. This heat must be offloaded in some manner, otherwise high temperatures can lead to hardware malfunctions, efficiency reductions, and permanent hardware damage.[47] Data centers, thus, require extensive cooling systems to help dissipate large amounts of heat.[48]

This cooling can be accomplished through a number of strategies and technologies:

- Centralized cooling systems: These systems either moved chilled air through centralized duct work (essentially large-scale central air conditioning) or by moving chilled water through a cooling loop that exchanges heat with the environment.
- De-centralized/room scale cooling systems: A common type of these cooling systems is called computer room air conditioners (or CRACs) and are popular with smaller data centers.

Methods that directly consume water are the most effective for cooling and this water can come from many sources including local water utilities, on-site wells, and on-site reservoirs or other co-located water resources. The International Energy Agency estimates that a 100 MW data center in the United States consumes approximately the same amount of water as 2,600 households in direct consumption and cooling.[49] This does not account for, however, the water needed to produce the electricity need to power such facilities—which can be substantial.

Date Center Impact on Electricity Resources

In larger economies like the United States, China, and the European Union, data centers, as of 2024, account for two to four percent of total electricity consumption.[50] Studies have estimated, for the United States, data centers' percentage of total consumption could rise to anywhere

[46] McKinsey & Company, *The data center balance: How US states can navigate the opportunities and challenges*, Aug. 8. 2025 (available at: https://www.mckinsey.com/industries/public-sector/our-insights/the-data-center-balance-how-us-states-can-navigate-the-opportunities-and-challenges).
[47] Terry Nguyen and Ben Green, *What Happens When Data Centers Come to Town*, UNIVERSITY OF MICHIGAN FORD SCHOOL OF SCIENCE, TECHNOLOGY, AND PUBLIC POLICY, Jul. 2025 (available at: https://stpp.fordschool.umich.edu/sites/stpp/files/2025-07/stpp-data-centers-2025.pdf).
[48] Martin C. Offutt and Ling Zhu, Cong. Rsch. Serv., R48646, *Data Centers and Their Energy Consumption: Frequently Asked Questions* (Introduction) (Aug. 26, 2025), (available at: https://www.congress.gov/crs-product/R48646#:~:text=In%20its%20simplest%20form%2C%20a,transmit%20large%20amounts%20of%20data.
[49] *Id*.
[50] International Energy Agency, *What the data centre and AI boom could mean for the energy sector*, Oct. 18, 2024 (available at https://www.iea.org/commentaries/what-the-data-centre-and-ai-boom-could-mean-for-the-energy-sector).

between 6.7 percent and 12 percent by 2030 (the United States, as of 2025, stands at approximately four percent).[51]

The total consumption of data centers, however, does not show the entire context of their electricity demand. Data centers, thus far in the United States, have tended to be spatially concentrated, with the data center sector surpassing 10 percent of electricity consumption in five states as of 2024.[52] A single large or hyperscale data center consuming 20 to 100 MW of electricity continuously can have the electricity demand equivalent of 15,000 to 75,000 United States homes or more (the equivalent of a single small city). A large 650 MW facility would be the equivalent of 500,000 homes.[53] For comparison, the U.S. Census Reporter estimates that Orange County, Florida, currently has 556,557 total households and Florida has a total of 8.967 million households.[54]

Thus the growth of data centers in an area can lead to considerable strain on local electric grids—especially with the considerable mismatch between the speed with which data centers can be constructed and the ability to get approval for and build new generation capacity and interconnect that generation into the electric transmission grid.[55] Data center-driven increases in demand may have also lead to an increase in electricity prices for consumers, at least in the short term (while the medium and long term impact on overall electric rates is still debated).[56]

In markets with the most data centers (such as the Pacific Northwest, Northern California, Phoenix, Dallas, Chicago, and Northern Virginia), surging demand is creating electric capacity challenges. Due to this, hyperscale operators are looking to secondary markets (with lower but fast-growing electricity demand—such as Kansas, Iowa, Indiana, Oklahoma, Nebraska, and much of the Southeastern United States) and emerging markets (where electricity is still, comparatively, abundant—such as Florida, Ohio, Pennsylvania, New York, and New Jersey).[57]

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[51] Gartner, *Gartner Says Electricity Demand for Data Centers to Grow 16% in 2025 and Double by 2030*, Nov. 17, 2025 (available at: https://www.gartner.com/en/newsroom/press-releases/2025-11-17-gartner-says-electricity-demand-for-data-centers-to-grow-16-percent-in-2025-and-double-by-2030), United States Department of Energy, Clean Energy Resources to Meet Data Center Electricity Demand, https://www.energy.gov/gdo/clean-energy-resources-meet-data-center-electricity-demand (last visited Jan. 14, 2026); and World Resources Institute, *Powering the US Data Center Boom: Why Forecasting Can Be So Tricky*, Sep. 17, 2025 (available at: https://www.wri.org/insights/us-data-centers-electricity-demand).

[52] International Energy Agency *supra* note 50.

[53] IAEI Magazine, *How Much Electricity Does a Data Center Use? Complete 2025 Analysis*, Jan. 1, 2026 (available at: https://iaeimagazine.org/electrical-fundamentals/how-much-electricity-does-a-data-center-use-complete-2025-analysis/#:~:text=Frequently%20Asked%20Questions,homes%20for%20an%20entire%20year).

[54] Census Reporter, Orange County, FL https://censusreporter.org/profiles/05000US12095-orange-county-fl/ https://censusreporter.org/profiles/05000US12095-orange-county-fl/ -:~:text=Here's%20some%20census%20data%20for%20Orange%20County%2C,households%20*%2015.5%25%20moved%20since%20previous%20year(last visited Jan. 14, 2026).

[55] McKinsey & Company, *The data center balance: How US states can navigate the opportunities and challenges*, Aug. 8, 2025 (available at: https://www.mckinsey.com/industries/public-sector/our-insights/the-data-center-balance-how-us-states-can-navigate-the-opportunities-and-challenges).

[56] *See* Ryan Wiser et al., *Factors influencing recent trends in retail electricity prices in the United States*, 38 ELECTRICITY J. 107516 (2025), https://doi.org/10.1016/j.tej.2025.107516; *but see* Eliza Martin and Ari Peskoe, *Extracting Profits from the Public: How Utility Ratepayers Are Paying for Big Tech's Power*, ENVIRONMENTAL & ENERGY LAW PROGRAM: HARVARD LAW SCHOOL, Mar. 2025 (available at: https://eelp.law.harvard.edu/wp-content/uploads/2025/03/Harvard-ELI-Extracting-Profits-from-the-Public.pdf).

[57] *Id.*

Consumptive Use Permits

Consumptive use is any use of water which reduces the supply from which it is withdrawn or diverted.[58] A consumptive use permit (CUP), also known as a water use permit (WUP), establishes the duration and type of water use as well as the maximum quantity of water that may be withdrawn.[59] The Florida Department of Environmental Protection (DEP) and Florida's five Water Management Districts (WMDs) are authorized to issue CUPs and impose reasonable conditions as necessary to assure such use is consistent with the DEP or the WMD's goals and is not harmful to the water resources of the area.[60] This authority is primarily delegated to the WMDs, which implement extensive CUP programs within their respective jurisdictions.[61] To obtain a CUP, an applicant must establish that the proposed use of water:

- Is a reasonable-beneficial use;[62]
- Will not interfere with any presently existing legal use of water; and
- Is consistent with the public interest.[63]

The DEP has also adopted additional rules implementing s. 373.219(3), F.S., which provides that the agency, for Outstanding Florida Springs, adopt CUP rules "which prevent groundwater withdrawals that are harmful to the water resources and adopt by rule a uniform definition of the term 'harmful to the water resources' to provide water management districts with minimum standards necessary to be consistent with the overall water policy of the state." Florida Admin. Code R. 62-41.401 defines "harmful to the water resources" as:

> A consumptive use that adversely impacts an Outstanding Florida Spring or its spring run in one or more of the following ways: (a) Causing harmful water quality impacts to the Outstanding Florida Spring or its spring run resulting from the withdrawal or diversion; (b) Causing harmful water quality impacts from dewatering discharge to the Outstanding Florida Spring or its spring run; (c) Causing harmful saline water intrusion or harmful upcoming to the Outstanding Florida Spring or its spring run; (d) Causing harmful hydrologic alterations to natural systems associated with an Outstanding Florida Spring or its spring run, including wetlands or other surface waters; and (e) Otherwise causing harmful hydrologic alterations to the water resources of the Outstanding Florida Spring or its spring run.

Each of the five WMDs publishes an applicant's handbook, incorporated by reference into their respective rules, identifying the procedures and information used by district staff for review of CUP applications.[64] Generally, there are two types of CUP permits: general permits that may be

[58] Fla. Admin. Code R. 62-40.210(4).
[59] Chapter 373, part II, F.S.
[60] Section 373.219, F.S. No permit is required for domestic consumption of water by individual users.
[61] Section 373.216, F.S.; Fla Admin. Code Chapters 40A-2, 40B-2, 40C-2, 40D-2, and 40E-2.
[62] Section 373.019(16), F.S. "Reasonable-beneficial use" is defined as "the use of water in such quantity as is necessary for economic and efficient utilization for a purpose and in a manner which is both reasonable and consistent with the public interest"; Fla. Admin. Code R. 62-40.410. DEP rules contain a list of factors that must be considered when determining whether a water use is a reasonable-beneficial use.
[63] Section 373.223, F.S.; *see* s. 373.229, F.S. Permit applications must contain certain specified information.
[64] South Florida WMD, *Applicant's Handbook for Water Use Permit Applications* (2022)[hereinafter *SFWMD WUP Handbook*], *available at* https://www.sfwmd.gov/sites/default/files/documents/wu_applicants_handbook.pdf; Southwest

granted by rule based on regulatory thresholds for factors such as withdrawal volume or pipe diameter, and individual permits requiring applications when regulatory thresholds are exceeded.[65] The WMDs have different schedules for application processing fees, which can vary based on total requested withdrawal amounts or type of application.[66] The DEP and the WMDs are authorized to grant permits for a period of up to 20 years, if there is sufficient data to provide reasonable assurance that the conditions for permit issuance will be met for the duration of the permit.[67]

The WMDs are required to include appropriate monitoring efforts as part of their CUP programs.[68] CUPs must be monitored when they authorize groundwater withdrawals of 100,000 gallons or more per day from a well with an inside diameter of eight inches or more.[69] Such monitoring must be at intervals and must use methods determined by the applicable WMD.[70] The results of such monitoring must be reported to the applicable WMD at least annually.[71] The WMD's respective CUP applicant handbooks contain various monitoring standards, which may include thresholds for required monitoring, reporting requirements, and specific standards for metering.[72] Generally, pursuant to the handbooks, the permittee is responsible for required monitoring of withdrawal quantities.

Minimum Flows and Minimum Water Levels

Minimum Flows and Minimum Water Levels (MFLs) are adopted standards that identify the limit at which further withdrawals would be significantly harmful to the water resources or ecology of the area.[73] The DEP and the WMDs are required to establish MFLs based on priority lists for surface water courses, aquifers, and surface waters.[74] By establishing the limit at which further withdrawals would be significantly harmful, the MFLs provide a benchmark to help establish excess quantities of water that are available from priority water bodies. A key goal of

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Florida WMD, *Water Use Permit Applicant's Handbook Part B* (2022)[hereinafter *SWFWMD WUP Handbook*], *available at* https://www.swfwmd.state.fl.us/sites/default/files/medias/documents/WUP%20Applicant%27s%20Handbook%20Part%20B%20-%20January%202022_0.pdf; St. John's River WMD, *Applicant's Handbook: Consumptive Uses of Water* (2025)[hereinafter *SJRWMD CUP Handbook*], *available at* https://aws.sjrwmd.com/SJRWMD/permitting/CUP-Applicant-Handbook.pdf; Northwest Florida WMD, *Water Use Permit Applicant's Handbook* (2015)[hereinafter *NWFWMD WUP Handbook*], *available at* https://www.nwfwater.com/content/download/8605/71075/Applicant_Handbook_201504.pdf; Suwannee River WMD, *Water Use Permit Applicant's Handbook* (2019)[hereinafter *SRWMD WUP Handbook*], *available at* https://www.flrules.org/gateway/readRefFile.asp?refId=11315&filename=REFERENCE%20MATERIAL_WUP%20Applicant%27s%20Handbook%20FINAL%2010-31-2019.pdf.

[65] *See* Michael T. Olexa et al., University of Florida, Institute of Food and Agricultural Sciences, *Handbook of Florida Water Regulation: Consumptive Use*, 2 (2021), *available at* https://edis.ifas.ufl.edu/pdffiles/FE/FE60400.pdf.

[66] *See* s. 373.109, F.S.

[67] Section 373.236, F.S.

[68] Section 373.216, F.S.

[69] Section 373.223(6), F.S. The water management districts are authorized to adopt or enforce certain rules in lieu of these requirements, in accordance with the statute.

[70] *Id.*

[71] *Id.*

[72] *SFWMD WUP Handbook*, at 100-105; *SWFWMD WUP Handbook*, at 75-77, 85-89; *SJRWMD CUP Handbook*, at 4-1–4-3; *NWFWMD WUP Handbook*, at 63-64; *SRWMD WUP Handbook*, at 43-44, 50.

[73] Section 373.042, F.S.

[74] Sections 373.042 and 373.0421, F.S.; Fla. Admin. Code R. 62-40.473.

establishing an MFL is to identify and establish the limit at which further withdrawals would be significantly harmful to the water resources or ecology of the area.[75]

III. Effect of Proposed Changes:

Section 1 of the bill creates s. 112.231, F.S., which provides that state, county, district, authority, or municipal officer, public employee, department, division, board, bureau, or commission, or other units of Florida government (defined collectively as an "agency") may not enter into nondisclosure agreements or other contract restricting the agency from disclosing information about a potential data center development to members of the public. Data center is defined as a "facility that primarily contains electronic equipment used to process, store, and transmit digital information which may be a free-standing structure or a facility within a larger structure which uses environmental control equipment to maintain the proper conditions for the operation of electronic equipment." The section states that any such agreements, entered into on or after July 1, 2026, are void and unenforceable. The section also provides for a civil fine penalty of $1,000 for agencies that violate this provision. It applies to agreements entered on or after July 1, 2026.

Section 2 of the bill creates s. 163.326, F.S., provides that it is the finding of the Legislature that facilities with substantial electric or other utility demands (such as data centers and other large load electricity customers), present unique planning, infrastructure, and compatibility considerations. The section further provides that it is the intent of the Legislature that such considerations shall be addressed through local comprehensive planning and land development regulations adopted pursuant to ch. 163, F.S., including provisions related to infrastructure capacity, land use compatibility, environmental impacts, and the efficient provision of public facilities and services. Local governments, under the section, are to maintain the authority to exercise the powers and responsibilities for comprehensive planning and land development regulation granted by law with respect to large load electric customers.

Section 3 of the bill creates s. 366.043, F.S., which modifies Florida's public utility code to create a requirement that the Public Service Commission (PSC) develop minimum large load service and tariff requirements for public electric utilities. The tariff requirements must reasonably ensure that large load customers (such as large data centers) pay for their own cost of service and that the general body of rate payers do not bear the risk of non-payment of such cost. The bill defines a "large load customer" as one that a customer with an anticipated monthly peak load of 50 megawatts or more, calculated as the highest average load over a 15-minute interval at a single location. In addition, the section:

- Specifies that large load customers cannot split up loads to avoid being subject to the large load tariff requirements established by the provisions of the bill. The peak load threshold does not include a load aggregated across multiple locations owned by the same customer. However, it does include all customers or other entities that have entered into a colocation or similar agreement at a single location that otherwise meets the peak load threshold.
- Does not specify rate mechanisms or specific service policies, rather, it specifies the end goal and directs the PSC, by rule, to develop baseline requirements for serving large load

[75] *see* DEP, *Minimum Flows and Minimum Water Levels and Reservations*, https://floridadep.gov/water-policy/water-policy/content/minimum-flows-and-minimum-water-levels-and-reservations (last visited Jan.14, 2026).

customers using utility industry-accepted ratemaking and other financial tools, such as, but not limited to:
  - Contributions in aid of construction or other required customer infrastructure investments;
  - Demand charges;
  - Incremental generation charges;
  - Financial guarantees;
  - Minimum load factors;
  - Take-or-pay provisions or similar provisions requiring payment for contracted capacity; and
  - Minimum period of service contract requirements.
- Prohibits a public utility from providing a large load customer with a tariff, contractual provision, service requirement, or other policy that would prevent or otherwise hinder the curtailment or interruption of electric service to a large load customer where such curtailment or interruption is intended to ensure grid stability, reduce the likelihood or breadth of wider service outages, or ensure public safety during an emergency or other exceptional circumstance.
- Prohibits public utilities from providing electrical service to facilities that would otherwise qualify for a large load tariff if such facility is owned or controlled by a foreign country of concern. It defines control to include a person or entity that controls 25 percent of the voting interest of a company or is entitled to 25 percent or more of the profits of the company. Foreign country of concern has the same meaning as in s. 692.201, F.S., which defines the term as the People's Republic of China, the Russian Federation, the Islamic Republic of Iran, the Democratic People's Republic of Korea, the Republic of Cuba, the Venezuelan regime of Nicolás Maduro, or the Syrian Arab Republic, including any agency of or any other entity of significant control of such foreign country of concern.
- Provides that the PSC is to adopt rules to implement this section, that it must propose a rule for adoption by January 1, 2027, and that public utilities must comply with such rules by January 1, 2028 (including updating any necessary tariffs).

The section also provides a legislative finding that the provision of safe and reliable electric services, provided at fair, just, and reasonable rates, is essential to the welfare of Florida ratepayers. Further, it finds that when one class of electric service customer requires uniquely large electrical loads at a single location, it imposes a disproportionate risk on other Florida ratepayers and makes it necessary for the PSC to develop policies to mitigate this risk and avoid the shifting of costs to provide service to such customers to the general body of ratepayers.

Section 4 amends s. 373.203, F.S., to create a definition for data centers and large-scale data centers for ch. 373, F.S., which regulates Florida's water resources. Specifically, the section defines:
- "Data center" as a facility that primarily contains electronic equipment used to process, store, and transmit digital information—which may be a free-standing structure or a facility within a larger structure which uses environmental control equipment to maintain the proper conditions for the operation of electronic equipment.
- "Large-scale data center" as a single location, with a data center on site, that has an anticipated monthly peak load of 50 megawatts or more, calculated as the highest average load over a 15-minute interval. This does not include a load aggregated across multiple

locations owned by the same customer. However, it does include all customers or other entities that have entered into a colocation or similar agreement at a single location that otherwise meets the anticipated monthly peak load threshold.

Section 5 amends s. 373.262, F.S., to create distinct large-scale data center consumptive use permit (CUP) permit requirements. Specifically, the section:

- Provides that, consistent with the other provisions of Florida's CUP law, a water management district (WMD) or the Department of Environmental Protection (DEP) may not grant a CUP to a large-scale data center for an allocation of water if the proposed use of the water is harmful to the water resources of the area or is prohibited by the applicable local government zoning regulations and comprehensive plan. A CUP may only be issued if the proposed use of water:
  - Is a reasonable-beneficial use as defined in s. 373.019, F.S.;
  - Will not interfere with any presently existing legal use of water; and
  - Is consistent with the public interest.
- Provides that the WMD or DEP may require the large-scale data center to use some portion of reclaimed water, in lieu of surface or groundwater, if:
  - A suitable reclaimed water supply source is available and permitted;
  - Reclaimed water distribution or supply lines are available at the property boundary in sufficient capacity and quality to serve the applicant's needs;
  - The applicant can access the reclaimed water source through distribution or supply lines;
  - Use of reclaimed water is environmentally, economically, and technically feasible; and
  - Use of reclaimed water would not conflict with the requirements contained in the applicant's surface water discharge permit, if applicable.
- In addition to the minimum CUP filing requirements under s. 373.229, F.S., all CUP applications requesting an allocation of at least an average daily flow of 100,000 gallons of water per day by a large-scale data center must contain:
  - All sources and amounts of water and losses of water used for cooling, industrial and treatment processes, personal or sanitary needs of employees, and landscape irrigation; and
  - A water conservation plan that, at a minimum, incorporates recycling cooling water before discharge or disposal, implementation of a leak detection and repair program, use of water efficient fixtures, and implementation of an employee awareness and education program concerning water conservation
- Prohibits large-scale data center CUP application approvals without a hearing.

Section 6 amends s. 373.239, F.S., to provide that if a CUP modification application is filed by a large-scale data center, it must be treated in the same manner as an initial CUP permit application.

Section 7 provides an effective date of the bill of July 1, 2026.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

While the bill will most likely have an impact on the electricity rates, fees, and other costs paid by large load electric customers of public electric utilities. However, the degree of this impact is indeterminate given the multitude of factors present in determining an electric utility rate, particular customer circumstances, and that the impact is likely be partly determined upon the particular rule provisions adopted by the Public Service Commission. In addition, large-scale data centers seeking consumptive use permits may see in increase in costs relating to the application process and additional permitting requirements authorized by the bill.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends the following sections of the Florida Statutes: 373.203 and 373.239
This bill creates the following sections of the Florida Statutes: 112.231, 163.326, 366.043, and 373.262

IX. Additional Information:

A. Committee Substitute – Statement of Changes:
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.