

The WATER Foundation

Water & Data Centers

By the Numbers

3,000
U.S. data centers in development

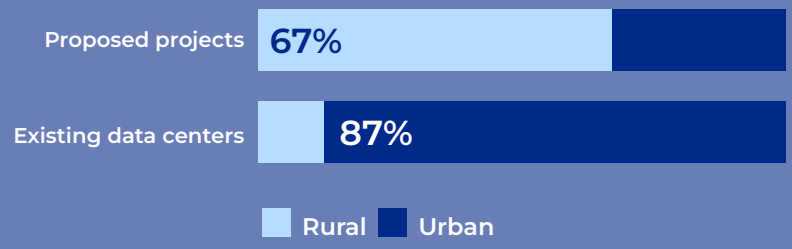
$2.4T
Projected infrastructure spend 2026-2028

20
Proposed projects canceled, Q1 2026 due to local opposition

18B (2026) **100B** (2030)
Projected annual data center water use, in gallons

97%
of data center water supply comes from municipal water systems

Development is shifting rural, away from where centers already sit



Five Things We Should Do to Meet This Moment

1. **PRIORITIZE LOCAL VOICES & CHOICES:** People and communities will bear the brunt of new data centers, and most do not have the capacity, expertise, or time to complete a comprehensive analysis about what may happen if one shows up in their backyard. National organizations and funders can invest in technical assistance and strategy support for local elected officials and community groups, so nearby communities can evaluate proposed data centers relative to local needs. That could mean organizing to block a proposal or building in protections and benefits if development does move forward.

2. **DESIGN BASED ON ENVIRONMENTAL & COMMUNITY CONTEXT:** Thoughtful design can ensure a data center uses cooling systems and an energy mix that fit a location's particular water and energy context. Funders can provide support to navigate state-level regulations and local zoning rules or do comprehensive water planning. Local and state governments can introduce requirements or incentives that help data centers co-locate with recycled water facilities, invest in watershed restoration, or put limits on the new industry that can build in places with water stress.

3 **REQUIRE REPORTING ON WATER USAGE:** Data centers are not mandated to report water use across their facilities, so many don't. Even when they do, the information is often not publicly accessible, because it is covered by non-disclosure agreements. This confidentiality makes it difficult for people to get a full picture of cumulative water impacts. Requiring accessible tracking enables more robust regional and state analysis and planning, so policymakers and communities can make proactive decisions about growth, siting, and development of data centers and other large-scale industrial water consumers.

4 **COMPANIES COVER COSTS, NOT COMMUNITIES:** Given the strain data centers can put on local water systems and other infrastructure, states or local jurisdictions should require data center developers to cover needed water infrastructure upgrades. This can alleviate the burden that constant or short-term use increases might put on other ratepayers and the pipes, pumps, and treatment plants that move and clean water. In addition, companies should pay for broader water system improvements that reduce other pressures on water supply, like watershed restoration, irrigation optimization, and utility-scale efficiency measures. Funders can help support mechanisms to ensure tax revenue from data centers benefits communities: For example, the Memphis City Council adopted an ordinance in 2025 requiring 25% of property tax revenue from a data center be reinvested within a five-mile radius of the facility.

5 **PRESS PAUSE WITH MORATORIUMS:** Moratoriums give communities and policymakers the necessary time to evaluate whether proposed data centers align with their needs, to institute protective policies, and to negotiate for real community benefits.As of March 2026, at least 11 states have introduced moratorium bills and many have successfully passed in dozens of cities and counties.

While data centers may be the topic du jour, the recommendations to address this buzzworthy moment are anything but. Implementing these evergreen harm-mitigation strategies now means communities across the country have power to respond when any industry comes to town later.

Learn more about data centers by reading the full report here.

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If you have questions, or want more information about how the Water Foundation can be a resource, please reach out to jsokolove@waterfdn.org