Data Center Legislation
2025 General Assembly

ZONING

SB 1046 (Roem) Data centers; noise abatement.
RECOMMEND: OPPOSE. Data centers; noise abatement. Provides that any local government land use application required for the siting of a data center shall be approved only in accordance with certain notice and noise abatement requirements. The bill provides that residents within a half-mile radius of the parcel shall receive notice of the proposed data center and that the data center operator shall hold two neighborhood meetings. The bill requires a data center operator to design and build the data center to incorporate sound mitigation methods sufficient to prevent the sound levels emanating from the data center from exceeding the ambient noise levels that were observed in a baseline study, as determined by a third-party acoustic engineer. The bill also provides that upon issuance of a certificate of occupancy, and for five years thereafter, the data center operator shall conduct a noise study performed by a third-party acoustical engineer to document noise levels emanating from the data center measured at the property line of the nearest property to the data center property that is planned or zoned for residential land uses, or other noise-sensitive use as reasonably determined by the locality, during peak operation of the data center mechanical equipment. The bill also provides that if the data center operator intends to use backup power generators on the parcel, the operator shall maintain a public website announcing the times when the generators will be in operation. Finally, the bill provides that any noise ordinance adopted by a locality shall set maximum allowable sound levels for data centers, including by (i) using alternative low frequency noise metrics and (ii) setting noise rules and enforcement mechanisms in its zoning ordinance, separate from existing noise ordinances. *Referred to Committee on Local Government.*

SB 1045 (Roem) Siting of data centers; property classified for industrial use.
RECOMMEND: OPPOSE. Siting of data centers; property classified for industrial use. Requires that any local government land use application for the siting of a data center shall only be approved if such application is for a data center located on property classified by local ordinance for industrial use. This section shall only apply to such applications submitted on or after July 1, 2025. *Referred to Committee on Local Government.*

HB 1601 (Thomas) Siting of data centers; site assessment; high energy use facility.
RECOMMEND: AMEND. Siting of data centers; site assessment; high energy use facility. Provides that prior to any approval of a rezoning application, special exception, or special use permit for the siting of a new high energy use facility (HEUF), as defined in the bill, a locality shall require that an applicant perform and submit a site assessment to examine the sound profile of the HEUF on residential areas and schools within 500 feet of the HEUF property boundary. The bill also allows a locality to require that a site assessment examine the effect of the proposed facility on (i) water, (ii) agricultural resources, (iii) parks, (iv) registered historic sites, or (v) forestland on the HEUF site or immediately contiguous land. The provisions of the bill shall not apply to a site with an existing legislative or administrative approval where an applicant is seeking an expansion or modification of an already existing or approved facility and such expansion does not exceed an additional 100 megawatts or more of electrical power. *Passed House (57-Y 40-N).*

HB 2026 (Thomas) Data centers; industrial zoning.
Data centers; industrial zoning. Requires a locality to review and amend its zoning ordinance to (i) designate data centers as industrial uses for zoning purposes; (ii) review the locations of zones allowing data centers by right, and adjust the zoning map, if needed, considering proximity to residential areas; (iii) review the minimum

requirements in the zoning ordinance, such as setbacks and building heights, for the purpose of mitigating negative impacts on residential or other sensitive areas and consider adding requirements specific to data centers as needed; (iv) identify optimal areas for data center development in the locality, including locations that are suitable from the locality's perspective as well as the industry's perspective; (v) consider zoning ordinance changes to reduce the likelihood of noisy data centers, including through limiting allowable locations and requiring sound modeling, and prohibit the constant low-frequency noise of data centers from reaching residential areas; and (vi) require commitments from data centers making zoning requests to sufficiently mitigate negative impacts on any nearby residential areas. The provisions of the bill shall only apply to localities where data centers are already addressed in the locality's zoning ordinance and where a locality is revising its zoning ordinance to include data centers. *CC&T Subcommittee #2 recommended laying on table (8-Y 0-N).*

HB 2068 (Garrett) Local land use; authority for decision belongs solely to locality.
Local land use decision authority. Provides that the authority for a locality's planning and land use decisions belong solely to the locality and shall not be ceded to any state agency or state-sanctioned body. *CC&T Subcommittee #3 recommends laying on table (5-Y 3-N).*

TAX/COSTS

HB 2101 (Maldonado) Electric utilities; data center cost allocation.
Electric utilities; data center cost allocation. Directs the State Corporation Commission to initiate proceedings to determine if the current allocation of costs among different customer classifications of electric utilities requires customers that are not data centers to unreasonably subsidize the costs of customers that are data centers. If the Commission determines that the current allocation of costs requires customers that are not data centers to unreasonably subsidize the costs of customers that are data centers, the bill directs the Commission to promulgate such rules as necessary to eliminate or minimize such unreasonable subsidies to the maximum possible extent. The bill directs the Commission to complete such proceedings prior to January 1, 2026. *Assigned to Labor and Commerce Subcommittee #3.*

SB 1196 (Deeds) Retail Sales and Use Tax; exemption data centers.
Sales and use tax exemption; data centers. Requires data center operators to meet certain energy efficiency standards in order to be eligible for the sales and use tax exemption for data center purchases. Under the bill, a data center operator shall be eligible for the exemption only if such operator demonstrates that (i) its facilities either have a power usage effectiveness score of no greater than 1.2 or, for data centers co-located in buildings with other commercial uses, achieve an energy efficiency level of no less than the most efficient 15 percent of similar buildings constructed in the previous five years and (ii) by January 1, 2028, it will procure carbon-free renewable energy and associated renewable energy certificates equal to 90 percent of its electricity requirements or its electricity will be otherwise derived from non-carbon-emitting, renewable sources. *Referred to Committee on Finance and Appropriations.*

SB 960 (Perry) Electric utilities; data center cost allocation.
Electric utilities; data center cost allocation. Directs the State Corporation Commission to initiate proceedings to determine if the current allocation of costs among different customer classifications of electric utilities requires customers that are not data centers to unreasonably subsidize the costs of customers that are data centers. If the Commission determines that the current allocation of costs requires customers that are not data centers to unreasonably subsidize the costs of customers that are data centers, the bill directs the Commission to promulgate such rules as necessary to eliminate or minimize such unreasonable subsidies to the maximum possible extent.

The bill directs the Commission to complete such proceedings prior to January 1, 2026. *Referred to Committee on Commerce and Labor.*

SB 1305 (McPike) Local taxes; change to zoning ordinances, etc.
RECOMMEND: MONITOR. *Patron worked with County on substitute to remove reasons for Board's Opposition*. Local taxes; zoning; assessments; injunctions; ordinances. Provides that for purposes of real estate subject to a special tax assessment for land preservation by local ordinance, a change to the zoning ordinance shall only be effective following (i) the approval of the relevant modification in the zoning classification of real estate; (ii) the exhaustion of the challenge or appeal period; and (iii) if pending, the final determination of any challenge or appeal made within such period. The bill also provides that for purposes of subdivided or rezoned lots, the assessment or reassessment required by law shall only be effective following (a) the approval of a modification in the zoning classification of the subject real estate, an exception to zoning or classification of the subject real estate, or a reclassification of the subject real estate; (b) the exhaustion of the challenge or appeal period for such approvals; or (c) if pending, the final determination of any such challenge or appeal made within such period. The bill also authorizes the circuit court to issue an injunction to stay the collection of taxes during the pendency of any application to the circuit court for an assessment correction upon a showing of (1) a bona fide hardship caused by such assessment and (2) a bona fide financial inability to satisfy such assessed tax obligation. Any injunction so issued shall not remain in effect later than when a final determination is made on the merits of an assessment correction application. Under current law, no suit for the purpose of restraining the assessment or collection of any local tax shall be maintained in any court of the Commonwealth, except when the party has no adequate remedy at law. Finally, the bill provides that any zoning ordinance enacted after December 1, 2023, shall not become effective until the later of either (A) the exhaustion of the period within which a decision of the local governing body may be contested or (B) if pending, the date of final determination for all actions related to a contested decision of the local governing body. *Committee Substitute passed Senate (35-Y 3-N).*

HB 2027 (Thomas) State Corporation Commission; certificate of operation for high load facilities.
State Corporation Commission; certificate of operation for high load facilities. Prohibits any person from operating a high load facility, defined in the bill as a facility whose electricity demand exceeds 25 megawatts that was not operating before July 1, 2026, without first having obtained a certificate of operation from the State Corporation Commission. The bill requires the Commission to permit the operation of a high load facility upon a finding that such facility and associated facilities (i) will have no material adverse effect upon the rates paid by customers of any regulated public utility in the Commonwealth, taking into account any likely generation, transmission, or distribution needs attributable to the operation of the high load facility; (ii) will have no material adverse effect upon reliability of electric service provided by any regulated public utility; (iii) would be consistent with the Commonwealth Clean Energy Policy; and (iv) are not otherwise contrary to the public interest. The bill requires the Commission to consider certain factors in a review of a petition for a certificate to operate a high load facility, including whether there is sufficient energy, capacity, and grid infrastructure to support the operation of the high load facility and whether the operation of the high load facility would create an unreasonable cross-subsidy across customers served by the incumbent electric utility. Finally, the bill requires the Commission to conduct a proceeding to establish minimum criteria for the issuance of a certificate of operation for a high load facility and requirements for public notice and an opportunity for hearing. *CC&T Subcommittee #3 recommended laying on table (10-Y 0-N).*

HB 2028 (Thomas) School boards; entitlement to one-time fee from certain data centers.
School boards; entitlement to one-time fee from certain data centers. Provides that any school board that governs a school division that contains a public school located within three miles of a data center, as such term is defined

in relevant law, that received its certificate of occupancy from the relevant locality after July 1, 2025, is entitled to a one-time fee of $250,000 to be paid by the owner of such data center no later than 90 days after the issuance of such data center's certificate of occupancy by the locality. *Education K-12 Subcommittee recommends striking from docket (8-Y 0-N).*

HB 1561 (McNamara) Classification of land and improvements for tax purposes; localities.
Classification of land and improvements for tax purposes; localities. Reclassifies improvements to real property as a separate class of real property and authorizes any locality to impose a real property tax on improvements to real property at a tax rate that is different than the rate applied to the land on which such improvements are located. Such rate may exceed, equal, or be less than the tax imposed upon the land on which the improvements are located. Under current law, such classification is allowed only for the Cities of Fairfax, Poquoson, Richmond, and Roanoke. For the Cities of Fairfax, Richmond, and Roanoke, the rate applied is required to be less than the rate applied to land under current law. The City of Poquoson is currently the only locality authorized to impose a rate in excess of the rate applied to land. The bill applies only to taxable years beginning on and after July 1, 2025. *Finance Subcommittee #1 recommends laying on table (5-Y 3-N).*

ENERGY USAGE

HB 1821 (Reid) Electric utilities; accelerated renewable energy buyers, zero-carbon electricity.
Electric utilities; accelerated renewable energy buyers; zero-carbon electricity; energy storage resources. Permits an accelerated renewable energy buyer or group of accelerated renewable energy buyers to contract to (i) obtain bundled capacity, energy, and renewable energy certificates from zero-carbon electricity generation resources under certain conditions and (ii) offset all or a portion of their capacity needs through the procurement of energy storage resources under certain conditions. *Labor and Commerce Subcommittee #3 recommends reporting with substitute (6-Y 4-N).*

HB 1822 (Reid) Electric utilities; construction of electrical transmission lines, advanced conductors.
Electric utilities; construction of electrical transmission lines; advanced conductors. Requires Phase I and Phase II Utilities to use advanced conductors, as defined in the bill, in the construction of any electrical transmission line of 230 kilovolts or more, any electrical transmission line replacing an existing electrical transmission line of 69 kilovolts or more that has reached its scheduled replacement date, and any electrical transmission line of 69 kilovolts or more constructed as a weather-related replacement, as long as the use of such advanced conductors does not delay the prompt restoration of power to consumers. The bill provides that for any application submitted on or after January 1, 2026, the State Corporation Commission shall not approve the construction of any electrical transmission line of 230 kilovolts or more unless such line is constructed using advanced conductors. The bill has a delayed effective date of January 1, 2026. *Labor and Commerce Subcommittee #3 recommends reporting with substitute (8-Y 2-N).*

HB 2035 (Simonds) High-energy facilities; water and energy usage info. reports statewide clearinghouse established.
High-energy facilities; water and energy usage information reports; statewide clearinghouse established. Requires any owner or operator of a high-energy facility, as defined in the bill, to submit to the Department of Environmental Quality no later than May 1, 2026, and on a quarterly basis thereafter, a report that contains certain information relating to water and energy usage for each such facility. The bill requires the Department, no later than July 1, 2026, to design, implement, and maintain a publicly accessible website to serve as a statewide

clearinghouse for information relating to water and energy usage of all high-energy facilities operating in the Commonwealth. The bill provides that, in order to fully cover the costs of designing, implementing, and maintaining the statewide clearinghouse, the Department shall assess an initial fee to each owner or operator of a high-energy facility and may assess an annual fee thereafter for each year that such high-energy facility is in active use. The bill requires any owner or operator of a high-energy facility to notify the Department of any substantial change in operations or technologies that would require an update to the information required by the bill at least 60 days prior to making such change. The bill also requires the Department to convene a work group of stakeholders for the purpose of identifying additional information required to be published to the statewide clearinghouse. Such work group is required to convene at least three times by July 1, 2026, in a manner that is open to the public, and each such meeting is required to include a public comment period of no less than 60 days following such meeting. *Assigned to Labor and Commerce Subcommittee #3.*

SB 1243 (Stuart) Electric utilities; electric distribution infrastructure serving data centers.
Electric utilities; electric distribution infrastructure serving data centers. Prohibits the costs associated with the construction or extension of any electric distribution infrastructure that primarily serves the load of a data center from being recovered from any other customer. *Referred to Committee on Commerce and Labor.*

SB 899 (Stuart) Data centers; water use.
Zoning; data centers; water use. Authorizes a locality to include in its zoning ordinance provisions for (i) requiring proposed data center developments to submit water use estimates and (ii) considering water use when making rezoning and special use permit decisions related to data center development. *Referred to Committee on Local Government.*

HB 2377 (Hodges) Comprehensive plan; data centers; water usage.
Comprehensive plan; data centers; water usage. Requires every locality to incorporate into its comprehensive plan provisions that prioritize and evaluate alternative methods of cooling, such as air cooling, geothermal cooling, or other innovative technologies that minimize water usage, particularly in the context of approving or siting data centers or similar land uses. The bill provides that the comprehensive plan shall include methods of assessing the environmental impact of water-based cooling methods and requires that alternative methods to minimize water usage are thoroughly considered before local approval of data centers or similar land uses that are reliant on significant water resources for cooling purposes. *Assigned to CC&T Subcommittee #3.*

HB 2386 (Higgins) Public utilities; certificate of convenience and necessity for certain new transmission lines.
Public utilities; certificate of convenience and necessity for certain new transmission lines. Provides that for construction of any overhead transmission line of 230 kilovolts and associated facilities, a public utility shall demonstrate that either the construction of such line remains within an existing right-of-way or that no alternatives are feasible within the existing right-of-way. *Assigned to Labor and Commerce Subcommittee #3.*

SB 1047 (Roem) Electric utilities; demand response programs for certain customers.
Electric utilities; demand response programs for certain customers. Requires each investor-owned utility to implement a demand response program under which any customer whose demand during the most recent calendar year was 25 megawatts or greater or whose anticipated annual demand is 25 megawatts or greater is required to participate. The bill requires each utility to petition the State Corporation Commission for approval of its demand response program by January 1, 2026, and requires that the petition include a reasonable timeline for the implementation of the program and participation by all such customers. Under the bill, any such demand response

program must (i) meet the minimum reliability and resource adequacy standards set by the regional transmission entity of which the utility is a member, (ii) reduce customers' energy consumption during the grid's emergency events or when called upon, (iii) not increase local air pollution through the use of fossil fuels generators, and (iv) be cost-effective. The Commission is required issue its final order regarding the petition within six months following the date of the filing. *Referred to Committee on Commerce and Labor.*

SB 1049 (Roem) Electric utilities; approval required for construction of certain electrical transmission lines.

Electric utilities; approval required for construction of certain electrical transmission lines. Prohibits the construction of a new transmission line overhead unless the State Corporation Commission first determines that the construction of such transmission line in whole or in part underground is not in the public interest. *Referred to Committee on Commerce and Labor.*

HB 2422 (Webert) Public utilities; classification of customers.

Public utilities; classification of customers. Requires that a public electric utility or a public utility authorized to furnish water or water and sewer service include a separate classification for data centers, as defined in the bill, when satisfying the existing requirement that any rate, toll, charge, or schedule of a public utility is only considered to be just and reasonable by the State Corporation Commission if the public utility has demonstrated that such rates, tolls, charges, or schedules contain reasonable classifications of customers. *Referred to Committee on Labor and Commerce.*

HB 2442 (Webert) Public utilities; certificate of convenience and necessity.

Public utilities; certificate of convenience and necessity. Provides that, if a public utility has already received a certificate of convenience and necessity to furnish service within its territory, such utility may construct, enlarge, contract with, or acquire and operate facilities for the generation and distribution of electric energy solely to a specific customer or customers located on the same tract of land as existing facilities without obtaining another certificate of convenience and necessity, provided that all costs associated with the new facilities shall be borne by the specific customer or customers. *Referred to Committee on Labor and Commerce.*