



## 2026 South Dakota Legislature

# Senate Bill 235

Introduced by: **Senator Crabtree**

1 **An Act to protect residents from increased utility costs and utility shortages caused**  
 2 **by data centers, to clarify authority to regulate data centers, and to modify**  
 3 **provisions pertaining to the purchasing of goods and services by a data**  
 4 **center.**

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

6 **Section 1.** This Act is known as the "Data Center Bill of Rights for Citizens."

7 **Section 2. That a NEW SECTION be added to chapter 10-45:**

8 There are exempted from the provisions of this chapter, and the tax imposed by  
 9 it, the gross receipts from a purchase made by a data center, as defined in section 4 of  
 10 this Act.

11 **Section 3. That a NEW SECTION be added to chapter 10-46:**

12 There are exempted from the provisions of this chapter, and the tax imposed by  
 13 it, the gross receipts from a purchase made by a data center, as defined in section 4 of  
 14 this Act.

15 **Section 4. That a NEW SECTION be added to a NEW CHAPTER in title 49:**

16 For purposes of this chapter, "data center" means a centralized repository for the  
 17 dissemination, management, processing, and storage of electronic data and information.

18 **Section 5. That a NEW SECTION be added to a NEW CHAPTER in title 49:**

19 The operator of a data center shall pay for all costs associated with the provision  
 20 of electricity to the data center.

21 A provider of electricity may not:

- 1        (1) Increase fees, rates, or surcharges imposed on residential customers for the
- 2                purpose of financing, offsetting, or subsidizing a data center's infrastructure costs,
- 3                service demands, or utility consumption; or
- 4        (2) Allocate to residential customers any cost associated with the distribution,
- 5                generation, or transmission infrastructure, or any other cost, attributable to the
- 6                data center.

7        **Section 6. That a NEW SECTION be added to a NEW CHAPTER in title 49:**

8                The state may not preempt or otherwise limit the authority of the governing body  
 9                of a county, municipality, or other political subdivision to adopt ordinances and resolutions  
 10               limiting, prohibiting, or otherwise regulating the construction, development, or operation  
 11               of data centers.

12       **Section 7. That a NEW SECTION be added to a NEW CHAPTER in title 49:**

13               Prior to commencing operation in this state, the operator of a data center shall  
 14               provide notice of projected water consumption to each local water provider in the area in  
 15               which the data center is proposed to be located. Each water provider receiving notice  
 16               pursuant to this section shall determine whether the data center's projected water  
 17               consumption is compatible with the local water supply and issue that determination in  
 18               writing to the operator. The operator shall present a copy of each notice and determination  
 19               to the Board of Water Management.

20               If the board receives a determination from each applicable water provider that the  
 21               data center's projected water consumption is compatible with the local water supply, the  
 22               board must issue, to the operator and the general public, a written statement that the  
 23               operator has satisfied the requirements of this section.

24               Notwithstanding the board's issuance of a written statement pursuant to this  
 25               section, the data center may not consume an amount of the local water supply exceeding  
 26               limits established by order of the board, after allocation to residential and essential public  
 27               services. In establishing allocation limits under this section, the board shall seek to ensure  
 28               water availability and prevent disproportionate use of water by data centers.

29       **Section 8. That a NEW SECTION be added to a NEW CHAPTER in title 49:**

30               The operator of a data center that is authorized to operate in this state pursuant  
 31               to this chapter, shall, at the time and in the manner prescribed by the Board of Water

- 1 Management, submit to the board a semi-annual report regarding the data center's water
- 2 use. The report must contain average usage data and certify compliance with this section.
- 3 The board shall make the usage data contained in the report available to the public.