

2026 South Dakota Legislature

Senate Bill 135**AMENDMENT 135D
FOR THE INTRODUCED BILL**

1 **An Act to protect residents from increased utility costs and utility shortages caused**
2 **by data centers and clarify authority to regulate data centers.**

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

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

5 **Section 2. That a NEW SECTION be added to a NEW CHAPTER in title 49:**

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

8 **Section 3. That a NEW SECTION be added to a NEW CHAPTER in title 49:**

9 The operator of a data center shall pay for all ~~fair, just, and reasonable~~ costs
10 associated with the provision of electricity to the data center.

11 A provider of electricity ~~may not:~~

12 ~~(1) Increase fees, rates, or surcharges imposed on residential customers for the~~
13 ~~purpose of financing, offsetting, or subsidizing a data center's infrastructure costs, service~~
14 ~~demands, or utility consumption; or~~

15 ~~(2) Allocate to residential customers any cost associated with the distribution,~~
16 ~~generation, or transmission infrastructure, or any other cost attributable to the data center~~
17 ~~shall establish and maintain separate terms and conditions for electric service applicable~~
18 ~~to a data center. The terms and conditions must require that the data center reimburse~~
19 ~~any provider of electricity for all costs fairly attributed to the data center for service~~
20 ~~demand and utility consumption, including costs incurred to serve the data center if the~~
21 ~~data center departs the system or materially reduces its load.~~

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

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

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

The state, ~~or any political subdivision of the state,~~ may not authorize or grant any tax exemption to a data center.

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

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

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

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

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

The operator of a data center that is authorized to operate in this state pursuant to this chapter, shall, at the time and in the manner prescribed by the Board of Water Management, submit to the board a semi-annual report regarding the data center's water use. The report must contain average usage data and certify compliance with this section. The board shall make the usage data contained in the report available to the public.