

# Commission on Local Government

## Estimate of Local Fiscal Impact

2025 General Assembly Session | 1/22/25

In accordance with the provisions of 30-19.03 of the Code of Virginia, the staff of the Commission on Local Government offers the following analysis of legislation impacting local governments.

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### **HB2377: Comprehensive plan; data centers; water usage. (M. Keith Hodges)**

**Bill Summary:** 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.

**Local Fiscal Impact:** Net Additional Expenditure:   X   Net Reduction of Revenues:           

#### **Summary Analysis:**

**Number of Localities Responding: 4 Cities, 10 Counties, 4 Towns, 1 Other**

Localities estimated a negative fiscal impact ranging from \$ 0 to \$ 150,000 over the biennium.

Localities identified the bill's fiscal impact as small non-recurring operating and personnel expense and localities indicated there is no recurring expenses. Some localities indicated no impact.



Net Increase in Expenditures: Itemized Estimates by Responding Localities									
Locality	Nonrecurring Expense - Operating		Nonrecurring Expense - Capital		Nonrecurring Expense - Other		Total Increase in Expenses (Biennium Total)	Response Totals	
	FY26	FY27	FY26	FY27	FY26	FY27			
Albemarle County	150000	150000					300,000	Cities:	4
Alleghany County							0	Counties:	10
Bedford County							0	Towns:	4
Chesterfield County							0	Other:	1
City of Alexandria						0	0	Total:	19
City of Norfolk							0		
City of Richmond							0		
City of Winchester							0		
Fauquier County							0		
Mecklenburg County							0		
Montgomery County	5826	0					5,826		
Northern Neck PDC							0		
Prince George County							0		
Pulaski County	15000	15000				0	30,000		
Rappahannock County							0		
Town of Chincoteague							0		
Town of Christiansburg	30000	30000					60,000		
Town of Rocky Mount							0		
Town of Victoria							0		

Locality	Expenditure Narrative by Responding Localities
Albemarle County	The proposed bill requires the County to include certain considerations in its Comprehensive Plan. Any updates to the Comprehensive Plan carry associated costs. Ultimately, the final cost is dependent on how detailed and thorough the County desires to be throughout the process of updating the Plan. Using existing staff and largely copying what other localities have done would result in minimal costs, while hiring a consultant and implementing an extensive public participation program would result in much higher costs. The County opposes this bill as it places an additional requirement upon the County and because the County already has the legal authority to do what this bill seeks to require.
Alleghany County	
Bedford County	County does not permitting and zoning ordinance do not allow data centers.
Chesterfield County	The county anticipates a minimal fiscal impact. The requirement for a thorough evaluation of diverse water use technologies may require third party consulting to evaluate environmental impacts; the cost impact of any third party analysis will depend on the scope and frequency of analysis.
City of Alexandria	This legislation would increase Alexandria's responsibilities for the next Comprehensive Plan update, which could have considerable staffing fiscal impact. Alexandria's zoning ordinance and non-residential land market does not create an environment where data centers are likely to be proposed, so this legislation requiring adding this element into the City's comprehensive plan would probably not be needed.
City of Norfolk	As written, the legislation will not have significant fiscal impact.
City of Richmond	No anticipated fiscal impact.
City of Winchester	
Fauquier County	<p>This bill would require at least one Comprehensive Plan Amendment (perhaps more depending on our approach).</p> <p>My initial thoughts are (1) that the Comprehensive Plan is not the appropriate place for this type of language, and (2) our Ordinance already requires cooling technology which minimizes water usage; adding the suggested information to our Comp Plan would be counterintuitive.</p>

Locality	Expenditure Narrative by Responding Localities
Mecklenburg County	There is no cost associated with this bill only because our next Comprehensive Plan review is outside of the two-year budget window called for by these bill analyses. If our Plan revision was in the two-year window, there would be cost associated with this bill, but it is indeterminate. It would be an additional scope of work on an already expensive project (our last plan revision cost \$120,000 as is). Additionally, I am not convinced that the traditional planner skill set that performs Comprehensive Plans have the capabilities or technical knowhow to produce the reviews called for in this bill. I would encourage this bill to be amended to instruct one of Virginia's universities to create a program in these areas, which could then provide technical assistance to localities. Ideally, this program would have some combination of engineers, data scientists, and environmental specialists, in addition to land use planners.
Montgomery County	The cost to the County is based on the efforts of the Assistant Planning Director, County Attorney, and Consultants to update the Zoning Ordinance and Comprehensive Plan. Also note that long-term use of these systems would require inspections and regulatory oversight not currently provided by a County department. This would likely require out-sourcing these inspections or hiring an additional County staff member with this expertise.
Northern Neck PDC	Planning districts do not provide funding for comprehensive plans.
Prince George County	Prince George County Impact - This legislation would require an update to our Comprehensive Plan for the next updates (FY2030). No impact is anticipated for FY2026 or FY2027.
Pulaski County	Procure (professional services) to provide the analysis and input required that the County does not have capacity or specific expertise on staff to provide.
Rappahannock County	Rappahannock County does not already include (and does not plan to include in the near future) data centers in its zoning ordinance therefore the bill will have no effect.
Town of Chincoteague	
Town of Christiansburg	I would estimate it to cost a total of approximately \$60,000 over the next couple of years during the rewrite. This would be largely staff time and associated overhead but would include Planning Commission pay and attorney fees as well as printing and advertising. There may be some need of consulting services as well.
Town of Rocky Mount	Some professional services/consulting cost to update the Comprehensive Plan - difficult to estimate this cost.
Town of Victoria	To date no plans have been submitted nor has there been any talk of datacenters in the Town of Victoria.