Department of Planning and Budget
2026 General Assembly Session
State Fiscal Impact Statement

PUBLISHED: 2/16/2026 11:19 AM **ORIGINAL**

Bill Number: HB507H1 **Patron:** McAuliff
Bill Title: Data center carbon dioxide-emitting backup generators; air monitoring.

Bill Summary: Establishes a new requirement that, for any data center permit application submitted on or after July 1, 2026, the Department of Environmental Quality shall not issue an air permit, including coverage under a general permit, unless the emission limit for each engine-generator set is equal to or less than the emissions achieved by a Tier 4 equivalent gen-set. The bill defines relevant terms, including data center, engine-generator set, Tier 4 equivalent, and specified emission control technologies. The bill also clarifies that the Department retains authority to apply applicable federal and state air standards and may impose emission limits more stringent than those achieved by a Tier 4 equivalent gen-set.

Budget Amendment Necessary: **No.** **Items Impacted:** **N/A**

Explanation: This bill involves the Department of Environmental Quality (DEQ); however, no budget action is required. See Fiscal Analysis section, below.

Fiscal Summary: It is anticipated that any costs DEQ may incur can be absorbed within existing resources.

Fiscal Analysis: This impact statement is preliminary. It is anticipated that the Department of Environmental Quality can absorb any costs associated with the implementation of this bill.

To the extent that the emission standard affects the number or scope of permit applications submitted for data centers, there may be an indeterminate impact to permit fee revenue received by DEQ under existing air permitting programs.

Other: None.