

Utah's Data Center Approval Process

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Issue Primer

This primer provides an overview of how data center projects move through Utah's regulatory and statutory landscape. It follows the process from initial planning and site selection through approval, construction, and the beginning of operations.

What Are Data Centers

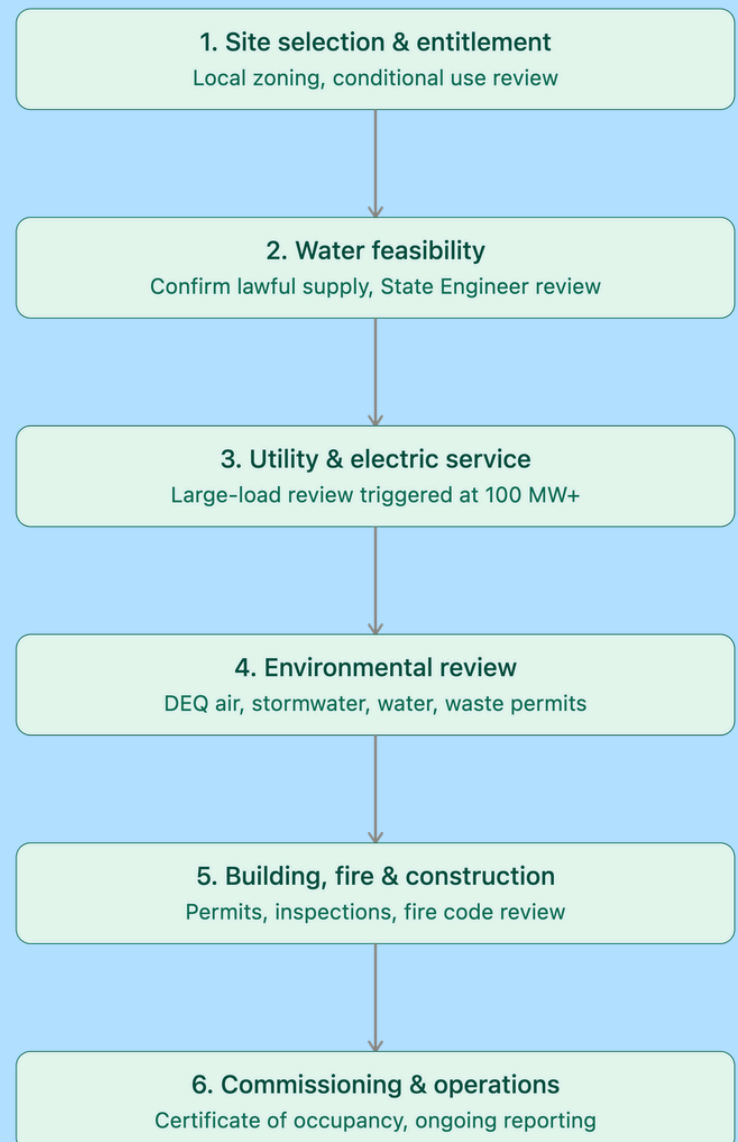
Data Centers are facilities that are used to house servers, storage systems, networking equipment and other components. These components account for approximately 70% of the electricity demand of a modern data center. The rise of AI is accelerating the deployment of high-performance data centers around the United States and Utah has been at the forefront of this development.

Utah's Approval Process

Utah does not approve data centers through one single statewide "data center permit." Instead, data centers are regulated through ordinary land-use, utility, water, environmental, building, fire, transportation, workplace-safety, and emergency-planning systems, along with newer laws written specifically for data centers and large electric loads. The most important Utah-specific laws for the approval process are [H.B. 76](#), which adds water notice and reporting requirements for new large data centers, and [S.B. 132](#), which created Utah's large-scale electric-service framework for major electric loads.

The phases used in this primer are not legal stages. They are an organizing tool for explaining how a project usually develops from concept to operation.

These steps often overlap. A typical project moves through site selection and entitlement, water feasibility, utility and electric service, environmental review, building, fire, and construction, and commissioning and operations.



Municipal and County Land-Use Statutes

Utah's municipal and county land-use statutes remain the front door for most data-center placement decisions. Cities and counties determine whether a proposed site can host the use through zoning, permitted-use determinations, conditional-use review, rezoning, site-plan approval, subdivision, development agreements, public-improvement conditions, hearings, appeals, and code enforcement. The current Utah Code land-use chapters are [Title 10, Chapter 20](#) for municipalities and [Title 17, Chapter 79](#) for counties.

For the approval process, this means a data center usually enters government review as a local land-use application, not as a state data-center application. The host city or county may decide questions such as whether the use is allowed in the zoning district, whether a conditional use or rezoning is required, what infrastructure conditions attach, how traffic, lighting, noise, landscaping, setbacks, emergency access, and stormwater should be handled, and whether a development agreement or subdivision approval is needed.

Water Rights & State Engineer

Utah's broader water-rights law still governs data centers, as H.B. 76 does not grant water rights. A data center requires a [lawful water source](#), usually through a retail water provider, water conservancy district, existing water right, changed water right, reuse arrangement, or another authorized supply pathway. [H.B. 60](#), the 2026 Water Rights Amendments, affects how the State Engineer reviews water-right applications, change applications, protests, impairment, and public-welfare issues.

For the approval process, water law can be a feasibility issue. A project that needs significant consumptive water use for cooling cannot assume that water is available simply because the land is zoned for industrial use. The sponsor must confirm provider capacity, the legal right behind the proposed supply, and whether a new appropriation or change application is needed. This legislation narrows the State Engineer's public-welfare review to water-related effects, including beneficial use, quantity, quality, availability, and other factors specifically directed by statute, and it limits protests to issues the State Engineer may legally consider.

That means broader concerns about community fit, traffic, local fiscal impacts, or general land-use policy belong primarily in local, utility, environmental, or legislative forums rather than in the water-right proceeding.

Water Notice and Reporting

[H.B. 76](#) adds a data-center-specific reporting requirement on top of Utah's general water-rights law. It applies to "large data centers," defined by [water withdrawal, size, and infrastructure thresholds](#) set in the bill, and a "new large data center" is one beginning operations on or after July 1, 2026.

Before a city or county can approve a land-use application for a new large data center, it must notify the Division of Water Rights, the Division of Water Quality, and the relevant water provider. The operator must then report [water-use details to the Division of Water Rights before construction begins](#) and file annual reports once the facility is operating. Incomplete or missing reports can lead to fines.

See the full bill for exact thresholds, timelines, and penalty amounts.

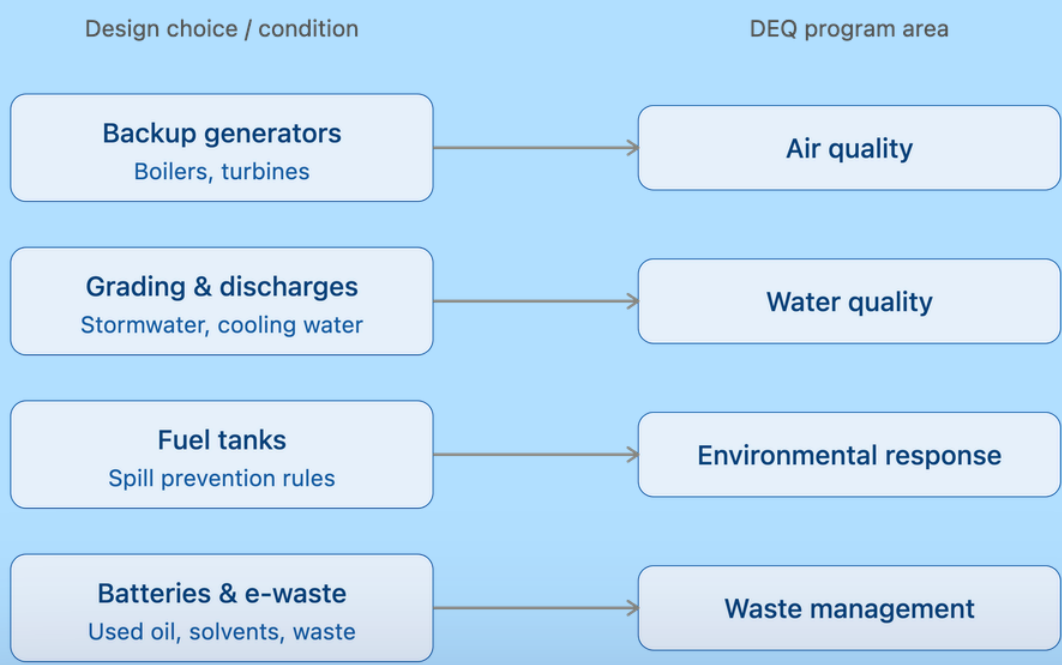
Utility & Electric Services

S.B. 132 is Utah's main law governing very large electric-service requests, created as Utah Code Title 54, Chapter 26. It's central for large data centers because hyperscale and AI-oriented facilities can require electric loads large enough to trigger the framework, generally new or additional service reaching 100 megawatts or more within five years.

A customer meeting that threshold must submit a formal service request to the utility serving the proposed location, unless it's pursuing service through a private-generation contract instead. The utility evaluates the request and determines what upgrades, costs, and timeline apply. Electric service must then be provided under a large-load contract that allocates the associated costs to the customer rather than existing ratepayers, and that contract requires Utah Public Service Commission approval before service begins. In practice, this means a data center can clear local land-use approval but still face a separate utility and PSC timeline before it can energize.

DEQ Permitting

Utah's environmental approval process is not a single data-center environmental permit. Instead, the [Department of Environmental Quality](#) routes projects through separate program areas, including [Air Quality](#), [Drinking Water](#), [Environmental Response and Remediation](#), [Waste Management and Radiation Control](#), and [Water Quality](#). [DEQ's permit finder](#) is the practical starting point for identifying which permits may apply. For data centers, which program area applies depends on specific design choices and site conditions, summarized below.



Construction stormwater is one of the most commonly triggered DEQ requirements for data center projects. UPDES, the Utah Pollutant Discharge Elimination System, is the state permit program that covers stormwater runoff from construction sites. A project needs [UPDES construction-stormwater permit coverage](#) if it disturbs one acre or more of soil.

Utah State Fire Code

After land-use and environmental issues are addressed, a data center must still satisfy building and fire requirements. [Utah Code Title 15A](#) provides the statewide construction and fire-code framework, while local building departments and fire authorities typically administer plan review, permits, inspections, and occupancy. The [State Fire Marshal](#) identifies adopted fire and building standards, including the [International Fire Code and International Building Code](#), along with related Utah rules and standards.

For the approval process, this is where an entitled project becomes a buildable and occupiable facility. Data centers are technically complex buildings, so code review impacts everything from generator rooms, fuel tanks, and battery rooms to fire flow, clean-agent systems, and emergency shutoffs. These reviews directly shape site layout, special inspections, commissioning, and certificate-of-occupancy timing.

Incentives and Economic Context

Tax-Increment Incentive Restrictions

[H.B. 507](#) is not a construction permit, but it is part of the governing law around large data-center projects because it changes the local incentive environment. The law creates the [Prohibition on Tax Increment Incentives for Large Load Data Centers Act](#) and defines a “large load data center” as a large load customer that is also a qualifying data center. [Beginning May 6, 2026](#), political subdivisions generally may not provide certain incentives to large load data centers, subject to exceptions for [regionally significant development zones](#), certain regional economic development authority project areas, and [energy-tax revenue structures](#). The law also [grandfathers certain incentive agreements entered into, or qualifying survey-area resolutions adopted, before May 6, 2027](#). A political subdivision may continue providing the incentive according to the existing agreement, but it may not extend the agreement’s term or increase the incentive’s value.

For the approval process, [H.B. 507](#) affects site selection, public-finance negotiations, infrastructure expectations, and local economic-development discussions. It does not decide whether a data center can be built on a parcel, but it can affect whether a city, county, public infrastructure district, community reinvestment agency, or other political subdivision can use tax increment or personal-property-tax revenue to support the project. Utah separately exempts qualifying data centers and their occupants from sales and use tax on machinery, equipment, and normal operating repair or replacement parts used in data-center operations and having an economic life of at least one year. ([Utah Code § 59-12-104\(84\)](#)) [H.B. 507](#) expressly provides that this statewide exemption is not an “incentive” under its new local-incentive restrictions, so it remains part of project economics rather than the approval process. ([Utah Code § 11-41-202](#))

Sources & Further Readings

Recommended for further reading:

- International Energy Agency
<https://www.iea.org/reports/energy-and-ai>
- Military Installation Development Authority
<https://www.midaut.org/stratos>
- Utah Division of Water Rights
<https://waterrights.utah.gov/wrinfo/>

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Utah State Legislature. (2026). H.B. 60: Water Rights Amendments [Enrolled bill]. <https://le.utah.gov/Session/2026/bills/enrolled/HB0060.pdf>

Utah State Legislature. (2026). H.B. 76: Data Center Water Transparency Amendments [Enrolled bill]. <https://le.utah.gov/Session/2026/bills/enrolled/HB0076.pdf>

Utah State Legislature. (2026). H.B. 507: State Coordination of Regional and Local Economic Development Projects Amendments [Enrolled bill]. <https://le.utah.gov/Session/2026/bills/enrolled/HB0507.pdf>

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