

Our Mission

We're working to rapidly reduce climate pollution at scale, starting in California.

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May 8, 2025

The Honorable Senator Jerry McNerney, Chair Senate Revenue and Taxation Committee 1021 O Street, Room 1200 Sacramento, CA 95814

RE: SB 58 (Padilla) – The Climate Center – SUPPORT

Dear Chair McNerney,

I am writing to express The Climate Center's support for SB 58.

The Climate Center is a climate and energy policy nonprofit working to rapidly reduce climate pollution at scale. We are a think-tank, do-tank working collaboratively for accelerated, equitable climate policy in California. We know that as goes California, so goes the world. With the climate crisis rapidly worsening, we engage in cross-sector coalitions to enact bold, science-based policy that sparks innovation and channels market forces for speed and scale GHG reductions to benefit everyone.

The Department of Energy reports that data centers are expected to consume 12% of total US electricity by 2028, nearly three times the 2023 electricity demand of 4.4%. Given the strain this will put on California's energy infrastructure this is a huge potential challenge to meeting our state goal for 100% clean energy in 2045. SB 58 is designed to address this challenge.

SB 58 would provide a data center equipment sales tax credit to data centers utilizing at least 70% carbon-free energy, at least 50% of the total energy supply from behind-the-meter sources, not using diesel fuel, and utilizing recycled water cooling within five years of the certification effective date. It would also require the facility to use a skilled and trained workforce and an investment of at least two-hundred million dollars.

Implementing a tax credit incentivizing clean energy adoption, relying on a significant amount of local clean energy resources, and water conservation helps protect ratepayers from increasing costs and safeguards California's clean energy goals. For these reasons we strongly urge your Aye vote for SB 58 both in this committee and on the floor of the Senate.

Thank you for your leadership on this important issue.

Sincerely,

Ellie Cohen, CEO The Climate Center

CC: The Honorable Vice Chair Senator Suzette Martinez, Senate Revenue and Taxation Committee

> The Honorable Angelique Ashby, Senate Revenue and Taxation Committee

> The Honorable Tim Grayson, Senate Revenue and Taxation Committee

> The Honorable Thomas Umberg Senate Revenue and Taxation Committee