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GOVERNOR KATHY HOCHUL

FIRST STATEWIDE MORATORIUM ON NEW HYPERSCALE DATA CENTERS LUNCHED BY GOVERNOR KATHY HOCHUL

Will Establish a Nation-Leading Regulatory Framework That Protects Ratepayers, the Environment and New Yorkers

One-Year Pause Will Ensure New Yorkers Are Not Paying for Transmission and Infrastructure Build Outs

Will Create New York State Data Center Community Investment Framework, Ensuring Localities Access Can Unlock Millions From New Development

Governor Will Pursue Legislation To Repeal Sales Tax Exemptions for Massive Data Centers Across the State

[Policy Outline for Community Investment Framework](#)

[Executive Order Available](#)

Governor Kathy Hochul today signed an Executive Order to create the nation's first moratorium on new hyperscale data centers, establishing the strongest standards for data center development and creating a blueprint to support localities. The Governor is temporarily pausing State environmental permits for up to one year in order to build a nation-leading regulatory framework that protects ratepayers, the environment, the energy grid and communities across the state.

"New York has always been at the forefront of innovation and change but we've also always guaranteed that New Yorkers benefit. As data center development threatens to hike up utility bills, deplete our natural resources, and create uncertainty for New Yorkers, it's my responsibility to take action and lead," **Governor Hochul said.** "New York will lead the way in creating the strongest standards in the nation for data center development, ensuring that when companies succeed because of New York, New Yorkers succeed too."

Audio

New York State is experiencing unprecedented growth in demand for data center development driven by artificial intelligence and other computing operations. The increase in demand has led to proposals across the state for the construction and operation of data centers that could require massive amounts of energy and water to run and cool thousands of computer servers.

Earlier this year, the Governor directed the Department of Public Service (DPS) to begin the Energize NY proceeding, which will require data centers to either pay more for their energy or supply their own, allowing the state to keep energy more affordable for New Yorkers. As part of that proceeding, the Governor is now also directing DPS to develop a Generic Environmental Impact Statement (GEIS) for data centers to ensure new data centers coming online are being held to consistent standards. During the development of this GEIS, which will take up to a year, a moratorium will be in place and the Department of Environmental Conservation (DEC) will not issue any discretionary permits not already deemed complete. The state will use the GEIS to assess the potential environmental impacts of the construction and operation of data centers in the state, including their effect on energy demand, water use and quality, and air quality. Once the State finalizes these standards, the moratorium will be lifted, allowing new data center projects to proceed as long as they follow state, zoning code and other local approvals.

The Governor also directed Empire State Development (ESD) to issue a Community Investment Framework (CIF) within 60 days, which will provide clear guidance to local entities to help them negotiate community benefits as part of any large-scale data center deal, including local infrastructure improvements, child care investments, and direct financial support for their community. The CIF will also establish frameworks that provide organized labor a seat at the table and prioritize prevailing wage standards and project labor agreements for data center construction, local hiring, apprenticeships and workforce development to maximize economic benefits. This framework will additionally include a formula to help communities assess where to begin investment negotiations. An outline of the CIF is currently available on [ESD's website](#), and the public is encouraged to submit feedback.

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Additionally, the Governor is directing DPS to consider creating a New York Grid Acceleration Fund to require data centers to invest in the state's aging grid infrastructure and energy needs so all New Yorkers benefit from responsible development. The fund could support the procurement of new clean energy supply and establishment of an insurance pool to which developers may need to contribute to

protect against speculative large loads that create uncertainty and increase costs. DPS will also consider approaches to require data centers to fund new clean electric generation dedicated to their operations, including but not limited to customer-sited distributed energy resources and battery storage.

Finally, Governor Hochul is pursuing legislation to repeal sales tax exemptions for massive data centers across the state.

Since taking office, Governor Hochul has ensured New York is leading the nation in AI innovation and development. As part of her FY25 Budget, the Governor launched Empire AI, a nation-leading initiative to advance AI research for public good. This year, she launched the FutureWorks Commission to advise on policy and private sector actions to protect the security of workers while harnessing the economic benefits of AI for all New Yorkers. This blue ribbon Commission is composed of nation-leading experts, workers' advocates, and business leaders, and will be charged with advising Governor Hochul on how to navigate the AI transition, so that the benefits of AI can be shared among New York's families, workers, and small businesses — not just large corporations.

Governor Hochul also implemented nation-leading safeguards to keep New Yorkers safe online and to ensure safe and responsible AI use in New York State. Initiatives include:

- The SAFE for Kids Act and Child Data Protection Act that restrict addictive feeds for kids and prevent online operators from collecting and monetizing children's data without informed consent.
- AI Companion legislation which set first-in-the-nation safeguards, diverting user conversations about self-harm to mental health resources and interrupting unhealthy addictive behaviors. The Governor also outlawed AI-Generated Child Sexual Abuse Material.
- The recently signed Warning Labels bill that will require social media companies post warnings about the platform's potential impact on mental health.
- AI Deceptive Practices Act, which enhances protections against unauthorized use of likeness/voice and the unauthorized dissemination of intimate images.

This year, the Governor's Safe by Design Act was implemented in the FY27 State Budget. Safe by Design ensures that parental controls for kids are set at the highest protections on common social and gaming platforms, which means that non-connections above the age of 18 cannot privately communicate with kids, view their full profile, or tag them in content. Location settings will also be turned off by default, and children under 13 must receive parental approval for new connections. It also disables certain AI chatbot features on online platforms for kids and parents must be able to set limits on children's financial transactions on online gaming platforms and view their child's transaction history. While many of these platforms have increased their security features for kids, in New York it is now the law, and cannot be relaxed by these platforms over time.

Additionally, Governor Hochul is creating a first-of-its kind Office of Digital Innovation, Governance, Integrity, and Trust (DIGIT). DIGIT will serve as a central, authoritative body for digital safety and technological governance, devising new approaches and ensuring consistent enforcement to keep New Yorkers safe online; while protecting New York's position as a state that values and invests in cutting edge innovation. The DIGIT Office will first focus on regulating large frontier AI developers, enabling greater transparency into their safety measures and establishing a reporting mechanism for developers to report critical safety incidents.

State Senator Kristen Gonzalez said, "Technology should make our lives better, not pollute our water, strain our energy grid, or drive up our utility bills. As the sponsor of the Responsible Data Center Development Act, I have heard from New Yorkers across our state who are concerned about what the rise in large data centers might mean for their communities. With this Executive Order, Governor Hochul is protecting everyday New Yorkers with a first in the nation moratorium on new large data centers. By giving our State time to plan, we can ensure that development and innovation do not come at the expense of all of us. Thank you to the Governor for her leadership, and thank you to the coalition of environmental justice advocates who have worked tirelessly to put New Yorkers and our environment first."

Assemblymember Didi Barrett said, "In the weeks since the Assembly and Senate both passed the Responsible Data Center Development Act at the end of the legislative session, New Yorkers across the state have spoken up in support of a data center moratorium. They want a pause in the building of large scale data centers — to better understand their impacts on our natural resources, our communities and our energy costs. They want protections and they want us to learn from the experiences of other states. Governor Hochul's executive order, including a year-long moratorium, is a timely and important first step in addressing these concerns. I look forward to working with the Governor, her team and Senator Gonzalez to ensure the priorities of New Yorkers are addressed."