

February 7th, 2020

The Honorable Guy Gizzone
Senate Budget and Tax Committee
3 West Miller Office Building
11 Bladen St
Annapolis, MD 21401

The Honorable Anne R. Kaiser
Room 131
House Office Building
Annapolis, Maryland 21401

Re: Sales and Use Tax and Property Tax – Exemptions – Data Centers

This letter is in support of SB 397 Sales and Use Tax and Personal Property Tax – Exemptions – Data Centers

Data Centers are secure facilities that house computer and network equipment which store, process, and distribute large amounts of data. Data centers are imperative to the overall operation of today's booming digital economy and rapidly growing technology sector which impacts multiple industries as result. For example, drones and sensors used by farmers to monitor their crops and soil are powered by data centers, as are gene therapies for diseases like cancer.

As 35 states currently provide data centers with sales-and-use tax exemptions for the purchase of required equipment, Maryland has not responded in kind. Subsequently, in the last five years, no large-scale enterprise data center has located in a state that imposes its full sales tax burden on data center equipment.

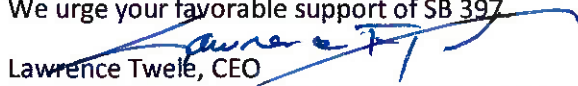
The economic impact of data centers in Maryland's economy is substantial. During construction, a typical data center employs approximately 1,700 workers, provides \$77.7 million in annual wages for those workers, injects \$243.5 million into the local economy, and generates \$9.9 million in revenue for state and local governments. Every year thereafter, the same data center will support approximately 160 jobs, pay \$7.8 million in annual wages, inject \$32.5 million into the local economy, and generate \$1.1 million in state and local revenues.

Additionally, local taxes paid by data centers support schools, law enforcement, and local public infrastructure, including the expansion of broadband. Expanding broadband throughout Maryland helps to bridge the digital divide and increase access to technology which our society increasingly depends on.

Perhaps the most dramatic impact of data centers is their inherent ability to attract small and emerging companies, thereby fueling job creation and supporting the local tax base.

SB 397 would level the playing field and attract data center business to Maryland and support the state as a leader in innovation and investment in cyber and information technology.

We urge your favorable support of SB 397


Lawrence Twele, CEO
Howard County Economic Development Authority
6751 Columbia Gateway Drive, Suite 500
Columbia, MD 21046