



Montgomery County

Office of Intergovernmental Relations

ROCKVILLE: 240-777-6550

ANNAPOLIS: 240-777-8270

HB 905

DATE: February 27, 2024

SPONSOR: Delegate Charkoudian

ASSIGNED TO: Ways and Means Committee

CONTACT PERSON: Garrett Fitzgerald (garrett.fitzgerald@montgomerycountymd.gov)

POSITION: Favorable (Department of Environmental Protection)

Sales and Use Tax Exemption – Qualified Data Center Personal Property – Eligibility

As Maryland continues to champion the expansion of the technology economy, it is important to ensure that this growth is sustainable. While data centers provide a necessary function in today's information economy and can bring substantial economic benefits, Maryland should work to get large data centers right from the start. Data centers consume vast amounts of energy for cooling and powering servers, leading to significant carbon emissions and potential environmental impact. Their high demand for water for cooling purposes can strain local water resources, while the disposal of electronic waste generated by outdated or decommissioned equipment presents further environmental challenges.

This legislation will require data centers that take advantage of the State's existing data center sales and use tax exemption to meet certain labor and environmental requirements. These requirements include: paying prevailing wage; hiring registered apprentices; installing battery storage; incorporating on-site solar energy generation to the extent practicable; and procuring at least 15% of their energy from offshore wind contracts if available or solar renewable energy credits (RECs) if not available.

These are reasonable requirements that will help to ensure that these projects result in good jobs for Marylanders and to mitigate the impact of new data center development on achievement of the State's climate goals.

We respectfully request that the Ways and Means Committee issue a favorable report on House Bill 905.