

LORIG CHARKOUDIAN  
Legislative District 20  
Montgomery County

Economic Matters Committee

*Subcommittees*

Public Utilities

Chair, Unemployment Insurance



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THE MARYLAND HOUSE OF DELEGATES  
ANNAPOLIS, MARYLAND 21401

HB 905- SALES AND USE TAX EXEMPTION- QUALIFIED DATA CENTER PERSONAL  
PROPERTY- ELIGIBILITY

TESTIMONY OF DELEGATE LORIG CHARKOUDIAN

FEBRUARY 29, 2024

Chair Atterbeary, Vice Chair Wilkins, and Members of the Ways and Means Committee,

Data centers are buildings housing the physical infrastructure to store and manage the data needed for the internet. Data centers serve an important role in our digital world and in our economy. However, these sites are incredibly energy- and water-intensive. Virginia has almost 300 data centers and as of 2022, 21% of Dominion Power's electric load in Virginia was being used to power these facilities.<sup>1</sup>

Considering Maryland's climate, clean energy, greenhouse gas reduction, and environmental protection goals, creating the right framework for the data center industry can allow Maryland to set a precedent as a state that meets its sustainability, economic development, and tech goals simultaneously.

This bill alters the requirements for a data center to qualify for the sales and use tax exemption enacted in 2020. The new requirements are as follows:

- All contractors and subcontractors hired for the construction or maintenance of the data center must pay prevailing wages.
- Registered apprentices must be included in the construction and maintenance of the data center.
- Battery storage on site, equivalent to 5% of diesel back up generation
- To the extent practicable, use solar energy generation on site.
- When available, procurement of at least 15% of energy requirements of the site must be from Maryland offshore wind.
- If contracts for offshore wind energy are not available, the data center must purchase SRECS (solar renewable energy credits) equivalent to at least 15% of the energy

I respectfully request a favorable report on HB 905.

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<sup>1</sup> "Centers of controversy: Is there enough energy in Md. to meet its tech ambitions?" 11 December 2023. Maryland Matters. [link](#).