



Committee: Ways and Means
Testimony on: HB0905 - Sales and Use Tax Exemption – Qualified Data Center Personal Property
Organization: Maryland Legislative Coalition Climate Justice Wing
Submitting: Dave Arndt, Co-Chair
Position: Favorable
Hearing Date: February 29, 2024

Dear Mr. Chair and Committee Members:

Thank you for allowing our testimony today in support of HB0905. The Maryland Legislative Coalition Climate Justice Wing, a statewide coalition of nearly 30 grassroots and professional organizations, urges you to vote favorably on HB0905.

Data centers are the foundation of the internet and our modern IT infrastructure. In light of future growth in data centers, including “hyperscale” data centers to support new technologies like AI, Maryland faces significant challenges in managing this new industry while pursuing its goals towards protecting public health, resource sustainability, and reducing climate emissions.

When the Maryland Public Service Commission (PSC) denied an exemption to a data center development last year, they did so based on its climate implications and air pollution from over 160 3-megawatt diesel generators required to run continuously, should there be loss of power due to weather or other events. The PSC did not pull the plug on the Aligned Data Centers project. In fact, Aligned Data Centers refused to present a solution to meet Maryland’s need to reduce greenhouse gas (GHG) emissions. Aligned asserted that diesel generators were the only option to provide backup power. A simple search of the internet shows many alternatives including solar and battery storage and power generator systems using methane. They chose their profits over the needs of Maryland.

With the scale of these new data centers, even running diesel generators for only maintenance hours would cause significant pollution. Diesel generators emit a large quantity of PM2.5 and the EPA has clearly stated that there is no level of PM2.5 that is safe to breathe. We also have to factor in the electricity required to run these facilities and the impacts to our grid stability and the negative effects data centers will have on our ability to meet our state GHG emission reduction goals.

HB0905 represents a common-sense approach to managing data centers by proposing tax incentives to balance data center development with stronger labor provisions, steps to reduce the climate impacts of diesel generators, and the use of clean energy where possible.

Specifically, the bill provides incentives for:

- 1) reducing diesel emissions by giving credits for back-up power generation from battery storage, rather than from traditional diesel generators;
- 2) give credits for battery storage which supports grid stability and efficient and reliable operation of the electric grid; and
- 3) the state's renewable energy goals by giving credits for incorporating on-site solar generation; procuring at least 15% of its energy demand through long-term contracts from off-shore wind businesses when available; and equivalent solar renewable energy credits.

In addition, HB0905 ensures high-quality jobs by guaranteeing prevailing wage for all contractors and subcontractors hired for construction and maintenance.

For all of these reasons, we strongly support HB0905 and urge a **FAVORABLE** report in Committee.

350MoCo
Adat Shalom Climate Action
Cedar Lane Unitarian Universalist Church Environmental Justice Ministry
Chesapeake Earth Holders
Chesapeake Physicians for Social Responsibility
Climate Parents of Prince George's
Climate Reality Project
ClimateXChange – Rebuild Maryland Coalition
Coming Clean Network, Union of Concerned Scientists
DoTheMostGood Montgomery County
Echotopia
Elders Climate Action
Fix Maryland Rail
Glen Echo Heights Mobilization
Greenbelt Climate Action Network
HoCoClimateAction
IndivisibleHoCoMD
Maryland Legislative Coalition
Mobilize Frederick
Montgomery County Faith Alliance for Climate Solutions
Montgomery Countryside Alliance
Mountain Maryland Movement
Nuclear Information & Resource Service
Progressive Maryland
Safe & Healthy Playing Fields
Takoma Park Mobilization Environment Committee
The Climate Mobilization MoCo Chapter
Unitarian Universalist Legislative Ministry of Maryland
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