



# MARYLAND TECH COUNCIL

TO: The Honorable Vanessa E. Atterbeary, Chair  
Members, House Ways and Means Committee  
The Honorable Lorig Charkoudian

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DATE: February 29, 2024

RE: **OPPOSE** – House Bill 905 – *Sales and Use Tax Exemption – Qualified Data Center Personal Property – Eligibility*

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The Maryland Tech Council (MTC) submits this letter of **opposition** for *House Bill 905: Sales and Use Tax Exemption – Qualified Data Center Personal Property – Eligibility*. We are a community of nearly 800 Maryland member companies that span the full range of the technology sector. Our vision is to propel Maryland to become the number one innovation economy for life sciences and technology in the nation. We bring our members together and build Maryland's innovation economy through advocacy, networking, and education.

This bill puts a number of additional requirements on qualified data centers seeking the exemption from the sales and use tax for qualified data center personal property. The MTC supported the establishment of the Data Center Tax Incentive Program (the "Incentive Program") when it was established in 2020. The intent of this program is to position Maryland as a leader in the digital economy by incentivizing data centers and positive economic impacts they could bring.

Maryland's efforts to incentivize this industry are already showing results. The MTC commissioned a third-party study of the planned data center campus sited at the old Eastalco smelting plant site in Frederick County. The study found that the construction of this facility would support approximately 48,000 jobs directly and secondary in the county from 2023 through 2038, or about 3,000 jobs per year, \$3.1 billion in local labor income, and \$25.8 million in county tax revenues. Once fully operational, this facility will support an estimated 6,300 direct and indirect jobs in Frederick County annually, including 1,700 directly on the campus with \$65,000 average annual per-worker wages on the campus. Frederick County would receive \$41 million in tax revenues annually.

While MTC appreciates the intent of the bill sponsor, which is to promote the growth of the data industry in Maryland while simultaneously making provisions for the State's climate and labor goals. However, we think that attaching the additional requirements laid out in the bill to qualify for the Incentive Program risks diluting the General Assembly's goals in enacting it before the data center industry is even off the ground in Maryland. It is uncertain, for example, whether the additional costs associated with complying with the proposed legislation will outweigh any benefit received from the tax exemptions. The data centers being discussed in Maryland will be subject to all existing state and local permitting, siting, and environmental requirements. The General Assembly has made the policy decision to incentivize the growth of the data center industry. As such, we believe the General Assembly should evaluate the program's effectiveness and impacts of the data center industry before imposing additional requirements.

We respectfully request an **unfavorable** report.