



SB116: Data Center Impact Analysis and Report

Position: Favorable

Hearing Date: March 25, 2025

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Our organization requests a FAVORABLE report on SB116: Data Center Impact Analysis and Report, from the Economic Matters Committee.

Sugarloaf Alliance supports legislation to require an objective, rigorous, and unbiased cost/benefit analysis of the potential impacts of data center development in the State of Maryland. The State and its counties stand on the precipice of land use decisions that will have enormous environmental and economic consequences beyond the functional life span of this and subsequent technologies.

Given Frederick County's negative multi-year experience thus far with proposed and approved data center development at the former EastAlco brownfield site (formerly Quantum Loophole, now TPG/Catellus), and the fact that Frederick County, unlike its neighboring counties in Maryland and Virginia, does not currently levy a business personal property tax, Sugarloaf Alliance anticipates that any promised economic benefit to this County will be eclipsed by the immediate and long term public costs of hosting this industry.

In Sugarloaf Alliance's response to the October 2023 Sage Report, which was contracted by the Maryland Tech Council and focused only on purported Quantum Loophole project benefits, our research indicated that rather than presenting a much-touted economic development, employment and tax revenue "opportunity," data centers would cause a net annual loss of \$31 million due to added services for schools and other public services. These calculations, based on Frederick County and Frederick County Public Schools' FY2024 operating budgets, focused on schools and jobs and did not include other short- and long-term environmental and natural resource costs to the County and to its residents and businesses.

In our view, the State-wide Impact Analysis and Report required by SB116 is urgent and essential and should:

- Be completed promptly and transparently and precede any further county and state data center development decisions or commitments.
- Be distributed and available widely, to county and state officials who are responsible for protecting the public's well-being and trust, and to the members of county and state communities whose quality of life and business success will be directly and indirectly impacted by data center development.
- Be distributed and discussed with officials in other jurisdictions that stand to be affected by data center development in Maryland (for example, parties to the Potomac River Co-Op Water Supply Agreement).

- Provide specific environmental and economic impact requirements to be added to local and state land use regulations.
- Account for jurisdictions such as Frederick County that do not stand to benefit from business personal property tax revenues.
- View the impacts of data center development through the lens of climate change and the overriding necessity of reaching and surpassing State and County climate goals.
- View the impacts of data center development on regional, not just county, natural resources including water supplies, air quality, land uses including agriculture and forestlands, as well as the communities', businesses and residents' rising costs associated with data center competition for these resources.
- Calculate the environmental and economic costs for affected Maryland residents and businesses of any additional power transmission lines required by data center development in Maryland or in other states (e.g., MPRP), and impacts on Maryland residents' electric bills.
- Require PJM to plan and coordinate Maryland's power supply requirements to include regional reconductoring through existing power line rights of way, more efficient residential and business systems, and other efficiencies and technologies as proven in other nations.

We strongly urge the committee to support SB116. Thank you for your consideration.

Sugarloaf Alliance

Sugarloaf-Alliance.org

The Sugarloaf Alliance represents over 600 stakeholders in the Sugarloaf region. The Alliance's mission is to protect the unique natural and historical aspects of the Sugarloaf Mountain area and its environment through education and initiatives in support of watersheds, streams, meadows, forests, and historic sites. Working with volunteers, civic groups, and local, state, and federal agencies, the organization's primary goal is to preserve the unique character and serenity of the area for future generations. Sugarloaf Alliance is a 501(c)(3) organization.