

KAREN LEWIS YOUNG  
Legislative District 3  
Frederick County

Budget and Taxation Committee



THE SENATE OF MARYLAND  
ANNAPOLIS, MARYLAND 21401

Annapolis Office  
James Senate Office Building  
11 Bladen Street, Room 302  
Annapolis, Maryland 21401  
410-841-3575  
800-492-7122 Ext. 3575  
Karen.Young@senate.state.md.us

District Office  
253 East Church Street  
Frederick, MD 21701  
301-662-8520

The Honorable C. T. Wilson  
The Honorable Brian Crosby  
Economic Matters Committee  
Taylor House Office Building  
Annapolis, MD 21401

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**SB0116 – Data Center Impact Analysis and Report**

Chair Wilson, Vice Chair Crosby, and distinguished members of the Committee,

It is my pleasure to come before you and offer my testimony in support of Senate Bill 116 – Data Center Impact Analysis and Report. Senate Bill 116 is the crossfile of House Bill 270, sponsored by Vice Chair Crosby. The Senate Bill is in a slightly different posture, eliminating the study of future energy use, in order to address cost concerns. The House has wisely passed House Bill 270.

What does it do? This bill commissions a study of the likely economic and environmental impacts of data center development in the state of Maryland. Senate Bill 116 addresses one of the state’s long-term priorities: environmental health. By leveraging the resources of the Department of the Environment, this bill will provide a thorough analysis of Maryland’s ability to meet certain environmental objectives, such as bay restoration and clean energy goals. This bill will also study potential impacts on air and water quality, as well as the availability and feasibility of technologies that could mitigate the environmental impacts.

Data centers have been heralded as influential drivers of economic development for the states they call home. Accordingly, legislation has been passed over the past few years to attract them to Maryland. In 2020, Senate Bill 397 granted data centers exemptions from sales and use taxes and personal property taxes. Last year the Critical Infrastructure Streamlining Act of 2024 exempted data centers from the requirement for a Certificate of Public Convenience and Necessity (CPCN) or review by the Maryland Public Service Commission in order “to

supercharge the data center industry in Maryland.”<sup>1</sup> Based on the experience of other states, concerns emerged as to data centers’ claims of significant financial and economic benefits. This study will provide an independent examination of these projections.

In order to properly balance the state’s investment in this industry and the economic returns, policymakers and residents need an objective and incisive evaluation of projected risks and opportunities of data centers. The results of the Virginia study that this bill is modeled on show that the benefits of data centers mostly occur during the construction period. Only 20% of jobs created by data centers last beyond construction and into the operational phase. Conversely, revenue losses from Virginia’s data center tax abatement program have ballooned from \$65 million in 2017 to \$136 million in 2022 and then to \$750 million in 2023. Similarly in Illinois, in just one year, 2022 to 2023, the state’s lost tax revenue to data centers rose 628% to \$370.6 million. Maryland must have a complete understanding of the economic impacts of data centers in order to accurately prepare for our fiscal future.

Senate Bill 116 will give us a much better understanding of how data centers are likely to impact Maryland. It does not prevent, postpone or delay the development of data centers nor does it negatively impact job creation with currently planned data centers. SB116 will provide the knowledge and tools we need to make the informed, prudent decisions that Marylanders require of us.

I respectfully urge a favorable report.

Sincerely,



**Senator Karen Lewis Young**

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<sup>1</sup> Governor Wes Moore at the May 9 bill signing.  
<https://www.datacenterfrontier.com/site-selection/article/55039349/maryland-reboots-data-center-business-with-new-critical-infrastructure-streamlining-act>

Differences between the Senate Data Center bill (SB116) and the House Data Center bill (HB270) are only the elimination of the provision requiring that the study include an energy analysis.