

Department of Legislative Services  
Maryland General Assembly  
2026 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 1411 (Delegate Ruth)  
Environment and Transportation

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Data Center Planning and Transparency Act

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This bill establishes specified disclosure requirements and local planning and zoning requirements relating to data centers: (1) the owner or operator of a proposed, planned, or approved large-scale data center must submit a specified disclosure report to the Maryland Department of the Environment (MDE), the Maryland Energy Administration (MEA), and specified approval authorities and elected officials; (2) certain local jurisdictions must adopt a large-scale data center plan, and zoning regulations to implement the plan; and (3) those requirements must be met (in the case of the planning/zoning requirement, by the applicable jurisdiction) before State financial assistance or incentives are provided to an owner or operator of a large-scale data center. **The bill takes effect June 1, 2026.**

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Fiscal Summary

**State Effect:** State revenues and expenditures may be affected, as discussed below.

**Local Effect:** Local government expenditures increase for at least some local jurisdictions in FY 2027, as discussed below. Revenues are not affected. **This bill imposes a mandate on a unit of local government.**

**Small Business Effect:** Potential meaningful.

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Analysis

**Bill Summary:**

*Data Center Disclosure Report*

*Submission of Report*

The bill requires – under provisions added to the Environment Article – that an owner or operator of a proposed, planned, or approved large-scale data center submit a disclosure

report to (1) MDE; (2) MEA; (3) the local approving authorities for planning, economic development, permitting, and environment, as applicable, of the local jurisdiction in which the data center will be located; and (4) any State and local elected official representing the area in which the data center will be located.

“Large-scale data center” means a data center, including a multitenant data center, that is projected to have an aggregate monthly demand of at least 20 megawatts (MW).

“Data center” means a building or group of buildings used to house computer systems, computer storage equipment, and associated infrastructure that businesses or other organizations use to organize, process, store, and disseminate large amounts of data.

The disclosure report must be submitted by the earlier of:

- 60 days before the owner or operator submits an application for any grant, loan, or other financial assistance or incentive, including a tax incentive, to a unit of State government; or
- 60 days before the owner or operator submits an application for any permit, approval, or license required by federal, State, or local law to construct or operate a large-scale data center.

If there are substantial changes to any of the items required to be included in the report, the owner or operator of the large-scale data center must submit an amended disclosure report. Neither the disclosure report, nor any of its contents, are considered privileged or confidential information.

Within 30 days after receiving a disclosure report, MDE must publish the disclosure report on its website.

### *Report Contents*

The disclosure report must include:

- the name and address of (1) the facility; (2) the operator of the facility; and (3) the owner of the land, building, and computer equipment associated with the facility;
- a detailed description for (1) demonstrating the need for the facility; (2) explaining the reasoning for the location of the facility; and (3) outlining the community benefits that will be provided by the facility;
- information on whether the owner or operator has signed an interconnection agreement and, if so, (1) the status of the facility’s interconnection to a utility system or transmission grid and (2) whether a load study has already been conducted;
- information on whether the facility (1) has been previously proposed at another location in the State or in another state and (2) is a multitenant data center;

- the total square footage of the facility;
- the mean amount of projected (1) daily electricity usage measured in MW and (2) electricity usage per hour during peak load measured in MW and frequency of peak load per week;
- the source of power for the facility, including a copy of any power purchase agreement for supplying electricity to the facility with an estimate on the level of greenhouse gas emissions associated with the projected electricity usage;
- any anticipated need for additional power infrastructure, including transmission lines and substations;
- the number, size, fuel source, and projected emissions of any backup generators for the facility;
- the type, capacity, and projected emissions of any on-site generation for regular operation;
- the type of cooling system, sources of water, and estimated volume of water appropriation needed, if applicable;
- the projected noise levels emitted by the facility estimated in decibels (1) at the facility property line and at properties located within a 0.25-mile, 0.50-mile, and 1.0-mile radius of the facility property line, and (2) for when the facility will be operating all cooling and computer equipment and regular testing of all emergency generators at full load;
- estimated milestone dates for design and construction;
- the number and type of permanent postconstruction jobs the facility will provide; and
- any State, county, or local grant, loan, or other financial assistance or incentive, including a tax incentive, the owner or operator of the facility intends to apply for.

#### *Large-scale Data Center Plan and Zoning Regulations*

The bill – under provisions added to the Land Use Article that apply only to local jurisdictions other than Baltimore City that have a population of at least 10,000 residents – requires that a local jurisdiction adopt:

- a large-scale data center plan; and
- zoning regulations, any zoning overlays, and any other necessary zoning requirements or restrictions to implement the plan.

#### *Large-scale Data Center Plan*

Each local jurisdiction must develop and adopt by local law a large-scale data center plan by June 30, 2027, and submit the plan to the Maryland Department of Planning (MDP) within 60 days after adopting the plan. MDP must publish each large-scale data center plan

within 30 days after receiving the plan from a local jurisdiction, and may develop guidance, model ordinances, and other resources to assist local jurisdictions in planning for data center development.

In developing the plan, the local jurisdiction must hold at least two meetings to solicit public input.

The plan must be consistent with the local jurisdiction's sustainable growth principles and comprehensive plan and include policies that (1) promote sustainable development and protect the environment; (2) maintain community character; (3) ensure a transparent and inclusive process; (4) maximize local economic benefits; (5) protect community and public health; and (6) protect utility ratepayers.

The plan must include recommendations for:

- siting guidelines, including locations where large-scale data center development may be desirable and locations where development should be restricted, with consideration for (1) underserved and overburdened communities; (2) areas certified as a priority preservation area (preserving agricultural or forest land); (3) areas designated as a Rural Legacy Area (designated under the Rural Legacy Program as rich in a multitude of agricultural, forestry, natural, and cultural resources); (4) agricultural land; (5) undeveloped land; and (6) proximity to schools, daycares, parks, or medical facilities;
- environmental protection, with consideration for cumulative impacts;
- requirements for public notice that provide an opportunity for public input meetings and ensure ongoing project transparency, including requiring at least two public input meetings before any local development plans or permits for a large-scale data center are approved;
- requirements for community benefits;
- considerations for locating additional power support infrastructure that may be needed, including transmission lines and substations;
- considerations for development restrictions, including size limitations; and
- consideration for county grants, loans, and tax credits.

#### *Zoning Regulations, Overlays, and Other Requirements or Restrictions*

A local jurisdiction must adopt:

- zoning regulations to implement the plan, including regulations governing where large-scale data centers will be (1) prohibited; (2) allowed by special exception; and (3) allowed by right, if applicable;

- any zoning overlays deemed necessary to implement the plan; and
- any other zoning requirement or restriction deemed necessary to implement the plan.

#### *State Grants, Loans, or Other Financial Assistance or Incentives*

An officer or a unit of State government may not use any part of an appropriation to provide a grant, loan, or other financial assistance or incentive to an owner or operator of a large-scale data center unless:

- the owner or operator is in compliance with the bill's provisions requiring submission of a disclosure report; and
- the local jurisdiction in which the large-scale data center will be located has adopted a large-scale data center plan and the zoning regulations necessary to implement the plan, in accordance with the bill.

#### *Sales and Use Tax Exemption*

An application for the existing sales and use tax exemption for the sale of qualified data center personal property (for use at a qualified data center) must demonstrate that:

- the applicant is in compliance with the bill's provisions requiring submission of a disclosure report; and
- the local jurisdiction in which the large-scale data center is located has adopted a large-scale data center plan and the zoning regulations necessary to implement the plan, in accordance with the bill.

### **Current Law:**

#### *Data Centers*

##### *Chapter 3 of the 2025 Special Session – Report on Data Center Development*

Chapter 3 of the 2025 Special Session requires MDE, MEA, and the University of Maryland School of Business, respectively, to complete assessments of the likely environmental, energy, and economic impacts of data center development in Maryland:

- MDE must undertake an assessment of the potential impacts of the data center industry on the State's natural resources, including an evaluation of (1) the potential impacts on air and water quality; (2) the potential impacts on the State's ability to meet its bay restoration goals and other environmental objectives; and (3) the

availability of technologies that could mitigate the environmental impacts of data centers and the feasibility of implementing those technologies;

- MEA must assess the potential energy impacts of the data center industry, including an evaluation of (1) the energy requirements of data centers; (2) the industry’s potential impacts on current and forecasted energy demand and supply in the State (including how data centers will likely affect future energy infrastructure needs and costs paid by ratepayers); and (3) the industry’s potential impact on the State’s ability to meet greenhouse gas emissions reduction commitments and clean energy goals; and
- the University of Maryland School of Business must assess, in consultation with industry experts, the potential economic and fiscal impacts of the data center industry in the State, including an evaluation of (1) the likely impact of data centers on State and local revenues and expenditures and (2) the jobs likely to be created through the construction and operation of data centers.

The Department of Legislative Services must coordinate the preparation of the assessments and synthesize them into a final report submitted to the Governor and the General Assembly by September 1, 2026.

#### *Chapters 625 and 626 of 2025 – Large Load Rate Schedule*

Chapters 625 and 626 of 2025 (Next Generation Energy Act) requires electric utilities to establish a specific rate schedule for a “large load customer” (a commercial or industrial customer for retail electric service that has or is projected to have an aggregate monthly demand of at least 100 MW and a load factor of over 80%), approved by the Public Service Commission (PSC), that:

- requires a large load customer to cover the just and reasonable costs associated with any electric transmission or distribution system buildout required to (1) interconnect the customer to the electric system serving the State or (2) serve the customer;
- protects residential retail electric customers from the financial risks associated with large load customers through specified means; and
- sufficiently ensures that the allocation of costs to large load customers under the schedule does not result in other customers unreasonably subsidizing the costs of large load customers.

PSC must adopt regulations to carry out the requirement by June 1, 2026.

#### *Chapter 411 of 2024 – Power Generation Approval and Corporate Income Tax Revenues*

Chapter 411 of 2024 (Critical Infrastructure Streamlining Act of 2024) (1) allows electricity generating units or facilities that produce onsite emergency backup electricity

for critical infrastructure facilities (including data centers) to be constructed without obtaining a certificate of public convenience and necessity (CPCN) or an approval to construct (under the CPCN exemption process) from PSC and (2) requires that a portion of corporate income tax revenue attributable to qualified data centers that are operational on or after January 1, 2026, be distributed to the Strategic Energy Investment Fund (which funds various energy-related policies).

#### *Chapter 640 of 2020 – Sales and Use Tax and Personal Property Tax Incentives*

Chapter 640 of 2020 (1) establishes a sales and use tax exemption for the sale of qualified data center personal property for use at a qualified data center and (2) authorizes counties and municipalities to reduce or eliminate the percentage of the assessment, for property tax purposes, of any qualified data center personal property used in a qualified data center. Chapter 640 defines “qualified data center” as a data center located in the State in which an individual or a corporation, within three years after submitting an application for the sales and use tax exemption, has invested at least \$5.0 million (for a data center located within a Tier I area, \$2.0 million) in qualified data center personal property and created at least five qualified positions. “Qualified data center” includes (1) a data center that is a co-located or hosting data center where equipment, space, and bandwidth are available to lease to multiple customers and (2) an enterprise data center owned and operated by the company it supports.

#### *State Sales and Use Tax*

The sales and use tax is the State’s second largest source of general fund revenue, accounting for approximately \$6.1 billion in fiscal 2026 and \$6.2 billion in fiscal 2027, according to the December 2025 revenue forecast. Chapter 33 of 2022 altered the distribution of sales and use tax revenues beginning in fiscal 2023. Chapter 33 requires the Comptroller, after making certain other distributions, to pay to the Blueprint for Maryland’s Future Fund (BMFF) the following percentage of the remaining sales and use tax revenues:

- 9.2% for fiscal 2023;
- 11.0% for fiscal 2024;
- 11.3% for fiscal 2025;
- 11.7% for fiscal 2026; and
- 12.1% for fiscal 2027 and each subsequent fiscal year.

Chapter 33 also repealed the distribution of sales and use tax revenues to the BMFF from marketplace facilitators, certain out-of-state vendors, and specified digital products or digital codes.

## *Land Use*

### *In General*

The regulation of land use in the State, through planning and zoning, is implemented by local governments, subject to applicable State law. Planning and zoning authority is delegated by the State to local governments primarily under the Land Use Article and, for certain counties, the Express Powers Act (Title 10 of the Local Government Article).

Both the Land Use Article and Express Powers Act contain the State’s policy statement that (1) the orderly development and use of land and structures requires comprehensive regulation through implementation of planning and zoning controls and (2) planning and zoning controls must be implemented by local government. State law includes various provisions authorizing local governments to regulate the location, size, and use of structures through zoning regulations.

Most of Division I of the Land Use Article (to which the bill’s land use provisions are added) applies only to commission counties and municipalities. Sections 1-401(a), 1-402(b), and 10-103(a) of the Land Use Article (relating to charter counties, code counties, and Baltimore City, respectively) establish that only certain provisions of Division I – those listed in §§ 1-401(b) and 10-103(b) – apply to charter counties, code counties that choose to exercise the powers related to land use in the Express Powers Act, and Baltimore City. (The bill’s provisions are added to § 1-401(b), but not § 10-103(b).)

### *Comprehensive Plans*

Local jurisdictions are required to enact, adopt, amend, and execute a comprehensive plan (to guide the implementation of land use controls and zoning) that includes specified planning principles and elements. At least once every 10 years, each local jurisdiction must review its comprehensive plan and, if necessary, revise or amend the plan.

Chapters 63 and 64 of 2025 replaced 12 existing “visions” – that were required to be implemented through a local jurisdiction’s comprehensive plan – with 8 “planning principles”:

- (1) *land* – optimize productivity of working landscapes, including farms and forests, and fisheries, and prioritize development within population centers that are in proximity to existing infrastructure and facilities;
- (2) *transportation* – prioritize transportation networks that create energy efficient, affordable, and reliable access to jobs, housing, and services;
- (3) *housing* – enable a mix of quality housing types and affordability options to accommodate all who want to live in the State;

- (4) *economy* – allow for adaptive reuse, mixed-use, and context appropriate new development that responds to changing markets and innovations;
- (5) *equity* – engage all sectors of the community in plan development to ensure diverse voices are heard and the needs of underserved populations are prioritized;
- (6) *resilience* – integrate resiliency measures that will minimize the impacts of rapid and unexpected natural- and human-caused threats on communities;
- (7) *place* – provide for public spaces that encourage social interaction and value cultural, historical, and natural resources; and
- (8) *ecology* – protect and restore sensitive ecological systems and conserve natural resources, including forests, agricultural areas, and waterways.

The planning principles are collectively intended to create sustainable communities and protect the environment in order to foster a high quality of life for all residents of the State.

**State Fiscal Effect:** Because the bill conditions State financial assistance and incentives for large-scale data centers (including the sales and use tax exemption for the sale of qualified data center personal property) on a local jurisdiction’s adoption of a large-scale data center plan and necessary zoning regulations, State revenues and/or expenditures *may* be affected to the extent a local jurisdiction’s lack of a plan and regulations at any point causes a large-scale data center to not qualify for a sales and use tax exemption, or receive other financial assistance or incentives, when it otherwise would have in the absence of the bill. The likelihood or extent of any effect on State revenues or expenditures cannot be reliably estimated. As mentioned under Current Law, sales and use tax revenues are deposited in the general fund and BMFF.

MDE and MDP can implement the bill’s provisions with existing resources.

**Local Expenditures:** Local government expenditures increase in some jurisdictions in fiscal 2027 to hire a consultant to meet the bill’s requirement to adopt a large-scale data center plan by June 30, 2027, and implementing regulations, based on information received from a small number of jurisdictions. Some local governments indicate a need to hire a consultant, with estimated costs ranging from \$10,000 (City of Laurel) to \$250,000 (Garrett County) for fiscal 2027. Guidance and technical assistance available from MDP, to assist with the plan may limit the need for additional resources to an extent. Local jurisdictions with under 10,000 residents are not affected by the plan requirements under the bill.

**Small Business Effect:** Certain small businesses may be meaningfully affected by the bill; for example, any small business consultants who assist local governments in developing and adopting large-scale data center plans and regulations.

## **Additional Information**

**Recent Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** None.

**Information Source(s):** Department of Information Technology; Maryland Association of County Health Officers; Department of Commerce; Anne Arundel, Baltimore, Charles, Dorchester, and Garrett counties; Maryland-National Capital Park and Planning Commission; City of Laurel; Town of La Plata; Comptroller's Office; Maryland Department of the Environment; Department of Natural Resources; Maryland Department of Planning; Maryland Energy Administration; Office of People's Counsel; Public Service Commission; Department of Legislative Services

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