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POSITION STATEMENT

Senate Bill 397- Sales and Use Tax and Personal Property Tax- Exemptions – Data Centers
Budget and Taxation Committee
February 12, 2020

The Rural Maryland Council **SUPPORTS** Senate Bill 397 - Sales and Use Tax and Personal Property Tax - Exemptions - Data Centers. This bill provides an exemption from the sales and use tax for the sale of qualified computer technology—including computer equipment, software, servers, routers, connections, and other enabling hardware for use at qualified data centers.

Data centers are secure facilities that house computer and network equipment that store, process and distribute large amounts of data. Data centers are considered the foundation of today’s booming digital economy and rapidly growing technology sector. For example, drones and sensors used by farmers to monitor their crops and soil are powered by data centers, as are gene therapies for diseases like cancer. Data Centers economic impact is substantial as they ultimately support approximately 160 local jobs, pay \$7.8 million in annual wages, inject \$32.5 million in the local economy, and can generate \$1.1 million in state and local revenue.

https://www.uschamber.com/sites/default/files/ctec_datacenterrpt_lowres.pdf

Today, 35 states provide data centers with sales-and-use tax exemptions for the purchases of required equipment, including Virginia. Virginia has benefited significantly from the positive tax treatment of qualified data centers. According to a 2019 report from Virginia’s Joint Legislative Audit and Review Commission, data center employment and investment have increased as data center incentives have expanded in the state. However, Virginia is running out of space and companies are looking to its neighbors to determine where to expand.

SB 397 will boost Maryland’s economic development by attracting data centers and supporting the state as a leader in innovation and investment in cyber and information technology. The Council respectfully requests your favorable support of SB 397.

The Rural Maryland Council (RMC) brings together citizens, community-based organizations, federal, state, county and municipal government officials as well as representatives of the for-profit and nonprofit sectors to collectively address the needs of Rural Maryland communities. We provide a venue for members of agriculture and natural resource-based industries, health care facilities, educational institutions, economic and community development organizations, for-profit and nonprofit corporations, and government agencies to cross traditional boundaries, share information, and address in a more holistic way the special needs and opportunities in Rural Maryland.

“A Collective Voice for Rural Maryland”