
TESTIMONY
MID-SHORE REGIONAL COUNCIL

TO: SENATOR GUY GUZZONE, CHAIR
COMMITTEE: SENATE BUDGET AND TAXATION
FROM: MID-SHORE REGIONAL COUNCIL
SUBJECT: SB 397 SALES AND USE TAX AND PROPERTY TAX – EXEMPTIONS
– DATA CENTERS
POSITION: SUPPORT
DATE: FEBRUARY 12, 2020

Dear Mr. Chairman and Committee Members:

The Mid-Shore Regional Council (MSRC) operates as a cooperative regional planning and development agency within Caroline, Dorchester, and Talbot Counties on the Eastern Shore to foster physical, economic, and social development.

The MSRC is a United States Department of Commerce – Economic Development Administration (EDA) designated Economic Development District (EDD) – a geographic area distressed by per capita income and/or unemployment rate as defined by the federal government. As such the MSRC facilitates the Mid Shore Comprehensive Economic Development Strategy (CEDS).

Broadband connectivity has been a high priority since the CEDS inception in 2002. The current CEDS document (revised March 7, 2019) Goal 1 states, “Ensure that there is sufficient public infrastructure (e.g. telecommunications, IT, incubators, waste water treatment capability, roads, transportation, education facilities, technology training centers, and public parks) and investment capital to foster the development and prosperity of our existing and new industry clusters.” For this reason, the MSRC has been an avid supporter of building fiber optic backbones throughout the state and has been instrumental in the support and development of the Maryland Broadband Cooperative. With the availability of such infrastructure, the MSRC hopes the counties and municipalities of the state could attract data centers to locate in Maryland. Data centers are considered the foundation of the digital economy while providing high wage, stable jobs.

However, it is our understanding that to compete in attracting data centers Maryland must provide tax incentives. Neighboring states have been attracting data centers for several years and one of the primary economic tools in supporting the establishment of such businesses has been tax incentives.

The MSRC supports the sales tax exemptions as detailed in this bill. The Council looks forward to a favorable report by the Senate Budget and Taxation Committee on Senate Bill 397.