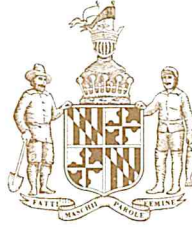


STEPHEN S. HERSHEY, JR.  
*Legislative District 36*  
Caroline, Cecil, Kent, and  
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—  
MINORITY WHIP  
—

Finance Committee

Executive Nominations Committee



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*The Senate of Maryland*  
ANNAPOLIS, MARYLAND 21401

February 12, 2020

The Honorable Guy Guzzone  
Budget and Taxation Committee  
Senate Bill – 397 – Sales and Use Tax and Personal Property Tax – Exemptions- Data Centers

Dear Chairman and Members of the Committee:

Senate Bill 397 creates incentives for the investment of data centers in Maryland by providing a sales and use tax exemption for the sale of qualified data center personal property for use at a qualified data center; giving an attractive competitive advantage in the market for data centers to relocate and expand. There are 30 states that have incentives specifically targeted at attracting data centers, including all of Maryland's neighboring States, this has increased from 17 states a couple of years ago.

To be eligible for the exemption, a corporation must invest at least \$5.0 Million in qualified data center personal property and must create at least 5 jobs within 3 years. For Economically Depressed Tier 1 Counties, they must invest at least \$2.0 Million and create 5 new jobs. Allegany, Caroline, Dorchester, Garrett, Kent, Somerset, Washington, Wicomico and Worcester are all considered Tier 1 Counties.

The jobs created with data centers are stable, high-paying jobs. For example, every job in a data center creates two jobs in companies that serve those data centers. These are jobs in engineering, technology services, software development, and operations. According to the Northern Virginia Technology Council, these jobs are paying on average twice the private-sector wages in Virginia.

Senate Bill 397 is supported by the Kent County Commissioners and Kent County Economic Development, The Eastern Shore Delegation, Maryland Department of Commerce, Maryland Energy Administration, MACo and many other letters of support that you have in your file.

I request the committee's favorable consideration of Senate Bill 397.