



**Testimony in Favor of The Critical Infrastructure Streamlining Act (HB 579)
Before the House Economic Matters Committee
On behalf of the Maryland Economic Council
February 22, 2024**

Chair Wilson, Vice Chair Crosby, and Members of the Committee, we testify today in support of **HB 579**, which places Maryland on a level playing field in its effort to attract data center development to the state.

Governor Moore established The Maryland Economic Council (MEC) last year to provide analysis and recommendations for implementing economic policies that achieve growth, diversify our workforce, and merge our state's assets and growing industries. Our mission includes identifying and tracking underlying economic factors that impact Maryland's business climate, including identifying high-growth business sectors; and evaluating Maryland's regulatory environment and economic policies compared to competing states.

The data center sector is a key driver of the US economy. According to the latest PwC Report¹, between 2017 and 2021, data centers added \$2.1 trillion to the U.S. Gross Domestic Product (GDP), created between 2.9 and 3.5 million annual jobs, and generated between \$209 and \$294 billion in annual labor income. Each direct job in the data center industry supports more than six jobs elsewhere in the US economy. In 2021, in Virginia alone, the data center industry created more than 86 thousand jobs² and generated \$13.5 billion in GDP. To put that into perspective, Maryland's total GDP was around \$519 billion in 2023.

The MEC expects the data center industry to continue growing at a significant pace. Increasing demand for video content and new AI³ technology will increase the need for data center capacity and, in turn, the need to build more data centers. In some regards, Maryland is well-positioned to take advantage of this growth. We have a highly-skilled workforce and as a result of the work of the State Legislature, Maryland's tax structure should no longer hinder data center development. With that, there are still regulatory hurdles we need to overcome.

The goal of this legislation is to do that. By correctly defining "generating station" to exclude facilities designed solely to produce electricity for emergency backup, this legislation will place Maryland on par with our competing states and remove an unnecessary burden that has blocked companies from investing in our state and hiring our citizens.

¹ <https://www.centerofyourdigitalworld.org/impact-study/#07>

² PwC calculations using the IMPLAN modeling system and public data sources.

³ www.forbes.com/sites/forbestechcouncil/2023/12/29/top-data-center-predictions-for-2024/

Data centers are critical infrastructure, particularly during times of natural disaster. Therefore, it would be dangerous for them to stop working every time the power goes out. To address this, they maintain a backup energy source on-site.

This bill would establish a more appropriate regulatory process for approving backup generators, one that focuses on their limited and intermittent use. By passing this bill, Maryland can continue to be a good steward of the environment without placing businesses at an unnecessary competitive disadvantage. For these reasons, we respectfully urge a favorable report on this measure.