



LEGISLATIVE POSITION:

Unfavorable

Senate Bill 861

Public Utilities - High-Energy-Use Facilities - Greenhouse Gas Emissions Reductions

Seante Education, Energy, and the Environment Committee

Thursday, March 7, 2024

Dear Chairman Feldman and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 6,800 members and federated partners working to develop and promote strong public policy that ensures sustained economic recovery and growth for Maryland businesses, employees, and families.

Senate Bill 861 requires someone who owns, operates, or controls a data center, processes cryptocurrency or cultivates cannabis to reduce greenhouse gas emissions of the facility by 100% by 2040. It also requires annual reporting of compliance with this law by the owner of these facilities.

SB 861 makes it more difficult for important industries like data centers and cannabis cultivation to locate in Maryland by placing stringent requirements on owners and operators of these facilities. It also singles out data centers, cryptocurrency processing and cannabis production facilities. Specific industries should not bear the burden of reducing emissions. Instead, it should be an equitable, cross-industry approach.

In the 2020 legislative session, the Maryland General Assembly wisely chose to pass SB 397, Sales and Use Tax and Personal Property Tax – Exemptions – Data Centers, a bill exempting the sales tax for certain data center equipment after investment thresholds had been met. The goal of that legislation was to draw data center investment into Maryland to take advantage of a booming industry running out of room in neighboring Virginia. Serving as the lead of the Maryland Data Center Coalition at the time, the Maryland Chamber of Commerce commissioned Mangum Economics to produce an economic impact study on the potential impacts of large data center development in Maryland. Some of the key findings include:

1. Large data centers provide a high benefit to cost ratio for counties in terms of tax revenue generated versus government services provided.
2. Large data centers provide significant one-time economic and fiscal impacts on counties during the construction phase.

3. Large data centers provide significant annual economic and fiscal impacts on counties during their on-going operational phase.

Unfortunately, as the industry begins to invest in Maryland because of SB 397 of 2020, SB 861 threatens to move the goal posts by layering on new and significant requirements on data centers. Going above and beyond what is required in other states, SB 861 threatens to stop economic investment in Maryland before shovels are in the ground. This legislation counters the goals of the Moore-Miller Administration, which is to attract data centers to Maryland and create a more competitive state while growing our economy. This legislation will result in large implications down the road.

For these reasons, the Maryland Chamber of Commerce respectfully requests an **unfavorable report** on **SB 861**.

