



MARYLAND TECH COUNCIL

TO: The Honorable Brian J. Feldman, Chair
Members, Senate Education, Energy, and the Environment Committee
The Honorable Senator Karen Lewis Young
The Honorable Senator Ron Watson

FROM: Andrew G. Vetter
Pamela Metz Kasemeyer
J. Steven Wise
Danna L. Kauffman
Christine K. Krone
410-244-7000

DATE: March 7, 2024

RE: **OPPOSE** – Senate Bill 861 – *Public Utilities – High-Energy-Use Facilities – Greenhouse Gas Emissions Reductions*

The Maryland Tech Council (MTC) writes in **opposition** of *Senate Bill 861: Public Utilities – High-Energy-Use Facilities – Greenhouse Gas Emissions Reductions*. We are a community of 800 Maryland member companies that span the full range of the technology sector. Our vision is to propel Maryland to become the number one innovation economy for life sciences and technology in the nation. We bring our members together and build Maryland’s innovation economy through advocacy, networking, and education.

This bill requires that a person who owns, operates, or controls a high-energy-use facility to reduce greenhouse gas emissions associated with electricity use by specified amounts, starting with 60% below the baseline emissions level in 2027 and gradually increasing to 100% by 2040. The bill defines “high-energy-use facilities” as those with a primary purpose of providing electronic data processing or hosting services, producing or processing cryptocurrency, or cultivating cannabis.

The MTC has been supportive of the growth of the data center industry in Maryland, specifically. That is why the MTC applauded the efforts of the General Assembly to establish the Sale and Use Tax and Property Tax Exemptions for data centers in 2020. The economic potential of the data center industry in Maryland is real. The MTC commissioned a third-party study of the planned data center campus sited at the old Eastalco smelting plant site in Buckeystown, Frederick County. The study found that the construction of this facility would support approximately 48,000 jobs directly and secondary in the county from 2023 through 2038, or about 3,000 jobs per year, \$3.1 billion in local labor income, and \$25.8 million in county tax revenues. Once fully operational, this facility will support an estimated 6,300 direct and indirect jobs in Frederick County annually, including 1,700 directly on the campus with \$65,000 average annual per-worker wages on the campus. Frederick County would receive \$41 million in tax revenues annually. There are similar

opportunities for economic revitalization around the State, with similar impacts on jobs and tax revenues.

We are concerned that this bill would prevent this industry from taking hold in Maryland before it begins. It is unclear what efforts have been taken to determine whether the 60% reduction goal by 2027 is feasible, or what methodology was used to determine the reduction levels in the bill. Adding to the difficulty of compliance is that a person may not use carbon offsets or renewable energy credits to meet the emissions reduction targets. It is not clear whether there has been consideration of what the financial impact would be on entities subject to this bill, and whether that impact would undermine the policy intent of the General Assembly to incentivize the growth of the data center industry. The MTC and its membership recognize the importance of Maryland's climate goals as laid out in the Climate Solutions Now Act of 2022 (CSNA). Any new data center development would be subject to all existing state and local permitting, zoning, and environmental regulations, as well as future requirements consistent with CSNA. The restrictions imposed by this legislation represent significant additional uncertainty and risk for the data center industry in Maryland and may result in driving potential new developments to other states.

For these reasons, we respectfully request an unfavorable report.