



February 27, 2024

Committee: House Ways and Means
Testimony on: HB 905: Sales and Use Tax Exemption—
Qualified Data Center Personal Property -- Eligibility
Organization: Mobilize Frederick
Submitted by: Karen Cannon, Executive Director
Position: In Favor
Hearing Date: February 29, 2024

Dear Chair and Committee Members:

Mobilize Frederick, a 501(c)(3) nonprofit, based in Frederick County, MD strongly endorses Del. Lorig Charkoudian's bill – *HB 905 Sales and Use Tax Exemption—Qualified Data Center Personal Property -- Eligibility* that would allow qualifying data centers to earn sales and use tax exemptions on the deployment of renewable energy in their operations. At this time, the bill proposes 5% use of backup battery storage and 15% wind energy (as that renewable source becomes available), as well as onsite solar energy to practical levels.

We find this bill an important adjunct to *SB 474: Critical Infrastructure Streamlining Act of 2024* wherein the definition of a generating station as currently defined by the law, would be modified to exclude facilities primarily used to generate electricity in the event of a power outage. The bill would allow operators of data centers that install emergency diesel generators to be excluded from the Certificate of Public Convenience and Necessity.

While SB 474 would have implications for the increased release of greenhouse gas emissions, if coupled with Del. Charkoudian's bill, the overall effect could be minimized through the economic incentive of tax breaks for the installation and use of renewable energy technologies.

Should Del. Charkoudian's bill pass and become law, we would also welcome review of that law at a regular interval to keep pace with technological advances. This would ensure that emerging technologies are part of the qualifying criteria, especially technologies that reduce the need for high levels of backup power or extend the list of qualified renewable energy technologies (such as bio-based fuels).

Mobilize Frederick is a non-profit organization formed by concerned community members of Frederick City and the County to assist with the implementation of the *Climate Response and Resilience Report* recommendations. Our purpose is to:

- Implement policy and legislation through the lens of climate change.
- Reduce greenhouse gas emissions 50% from 2005 levels by 2030 and 100% by 2050.
- Identify methods to remove carbon from the atmosphere.
- Develop climate resilience measures.

It is with these purposes in mind that we find HB 905 a critical component to an effective complement of policy initiatives that would advance Frederick County's commitment to meeting GHG reduction goals. After all, Frederick County stands at the crossroads of these various initiatives and will be vitally impacted by the steps taken in this General Assembly session.

Karen Cannon
Executive Director

cc: Kathy Kinsey
Chair, Government Affairs and Policy Committee