



Wes Moore | Governor
Aruna Miller | Lt. Governor
Harry Coker, Jr. | Secretary of Commerce

DATE: February 18, 2026
BILL NO: Senate Bill 427
BILL TITLE: Property Taxes - Authority of Counties to Establish a Subclass and Set a Special Rate for Personal Property of Data Centers
COMMITTEE: Senate Budget and Taxation
POSITION: Letter of Concern

The Maryland Department of Commerce (Commerce) would like to express concerns with House Bill SB 427 Property Taxes - Authority of Counties to Establish a Subclass and Set a Special Rate for Personal Property of Data Centers.

Bill Summary:

Senate Bill 427 authorizes the Mayor and City Council of Baltimore or a governing body of a county to establish a subclass of personal property consisting of all the personal property of certain qualified data centers and set a special personal property tax rate for the subclass. The Act would apply to all taxable years beginning after June 30, 2026.

Rationale:

While this legislation is simply enabling language and does not require that the special tax rate be either above or below the standard tax rate, Commerce is concerned that Senate Bill 427 would set a bad precedent of taxing a specific industry differently than others. It enables local jurisdictions to disincentivize sustainable data center development and risk losing momentum in Maryland's advanced biohealth, quantum, and information technology industries by setting a special tax rate above that applied on other industries.

Furthermore, Commerce is concerned that this bill conveys to businesses in a variety of industries that if the State or a specific jurisdiction decides it no longer supports an industry, their tax rates can be increased even once companies have established a presence. By removing a degree of predictability about tax rates, this bill causes site selection consultants and business executives to not even consider Maryland. This is contrary to the Moore-Miller Administration's efforts to establish Maryland as a more business-friendly state.