

Committee: Budget and Taxation

Testimony On: **SB 427 – Property Taxes - Authority of Counties to Establish a Subclass and Set a Special Rate for Personal Property of Data Centers**

Submitting: Elizabeth Law

Position: **Favorable**

Hearing Date: February 18, 2026

Dear Chair Guzzone and Members of the Committee,

Thank you for the opportunity to provide testimony in support of SB 427 – Authority of Counties to Establish a Subclass and Set a Special Rate for Personal Property of Data Centers.

As a resident of Frederick County and a resident concerned about the economic impact of data centers on localities, I strongly urge the Committee to issue a favorable report on SB 427, which would allow county governments to establish a subclass and set a special personal property tax rate for data centers.

When completed Frederick County will house the largest hyperscale data center site in the state and perhaps in the country. At present 2600 acres of land has been designated available for data center development. The residents of Frederick County and the unincorporated area called Adamstown will bear the brunt of the negative affects of data centers: pollution, particulate matter, continuous noise from cooling chillers and fans and congestion from hundreds of construction vehicles for at least a decade. With thousands of emergency diesel generators requiring periodic testing, working hours will always include the sound and smell of these machines.

Ratepayers will bear the brunt of the cost of transmission lines and power plants needed to supply this unprecedented amount of power. At the same time, property values near the data center hub will plummet. (Would you buy a home next to a hyperscale data center?)

The data center sector provides a windfall rate of investment to its shareholders, but is a highly automated industry that, once built, requires only a small permanent workforce to maintain operations. Local governments don't realize a significant indirect economic benefit from local income or sales tax revenue that would otherwise be generated by a large number of new employees who buy or rent homes in the jurisdiction and shop locally.

Allowing localities to approve a personal property tax on high energy users like hyperscale data centers will at least allow local governments funds to mitigate the local effects of data centers.

During a time of multi-year State structural budget deficits when local governments are faced with reductions in both federal and State funding across a wide range of programs and pressure to hold the line on real estate tax rate increases, providing local governments with the option to assess personal property taxes on data centers to offset the impacts of data center development and fund local government needs is vitally important.

For these reasons, I respectfully request the Committee to issue a favorable report on SB 427.

Sincerely,

Elizabeth Law

Federick County