

Senate Budget and Tax Committee
February 18, 2026

Senate Bill 427 - *Property Taxes - Authority of Counties to Establish a Subclass and Set a Special Rate
for Personal Property of Data Centers*

POSITION: OPPOSE

The Data Center Alliance of Maryland (DCA-MD) is a coalition of partners dedicated to responsibly advancing a positive vision of the data center industry in Maryland. The Alliance reflects a broad set of perspectives, including companies that build and operate data centers, labor and workforce organizations, technology and supply chain firms, energy and infrastructure partners, and other civic and community voices focused on responsible development. The Alliance works to improve and align public policies to support a dynamic data center economy, educate Marylanders on the economic and fiscal contributions of data center development, and track industry innovations and advise stakeholders on best practices. DCA-MD respectfully submits this testimony in opposition to SB 427.

DCA-MD opposes SB 427 because it creates a targeted, discretionary tax structure that increases uncertainty and directly undermines Maryland's competitiveness for major, long-term capital investment. Data centers are evaluated over multi-year planning horizons and are highly sensitive to local tax treatment, particularly for equipment-intensive investment that is upgraded and replaced over time. Allowing each jurisdiction to create a special, sector-specific personal property rate invites a patchwork of inconsistent local treatment, complicates underwriting and site selection, and increases the risk that projects are redirected to nearby competitor states with more stable and predictable frameworks.

This approach also sets an adverse precedent for Maryland's broader innovation economy. Singling out one category of equipment-heavy investment for special tax treatment signals that other advanced industries could be next, including life sciences manufacturing, cybersecurity, cloud services, and other technology infrastructure. That is not a recipe for attracting sustained private capital, scaling high-quality jobs, or building a durable commercial tax base.

Maryland and its local jurisdictions already have existing, generally applicable revenue tools and land use authorities. Creating a special, higher personal property tax rate aimed at a narrow subclass of property is far more likely to reduce or eliminate new investment than to generate net new revenue. If projects do not locate or expand in Maryland, there is no personal property tax gain, and the State forgoes the associated construction activity, real property tax base growth, employment, and indirect economic activity that come with these projects. For these reasons, DCA-MD respectfully requests an unfavorable report on SB 427.

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