

Testimony on: SB0427– Property Taxes - Authority of Counties to Establish a Subclass and Set a Special Rate for Personal Property of Data Centers
Committee: Budget and Taxation
Submitting: Karl Held
Position: Favorable
Hearing Date: February 18, 2026

Dear Chair Guzzone and Committee Members:

Thank you for allowing my testimony today in support of SB0427, Property Taxes - Authority of Counties to Establish a Subclass and Set a Special Rate for Personal Property of Data Centers. I urge you to vote favorably on SB0427.

The bill authorizes the Mayor and City Council of Baltimore City or the governing body of a county to establish, by law, a subclass of personal property consisting of all the personal property of qualified data centers and set a special personal property tax rate for that subclass that would apply to all taxable years after June 30, 2026. This is important because local governments and residents will bear many of the costs associated with data centers.

Data centers are the foundation of the internet and our modern IT infrastructure. In light of future growth in data centers, including “hyperscale” data centers to support new technologies like AI and cryptocurrency operations, Maryland faces significant challenges in managing this new industry while pursuing its goals towards reducing climate emissions, greening the electric grid, and protecting public health.

Furthermore, MD residents are concerned about the high cost of living (and especially utility bills) and Maryland faces a tight budget, making business development and income growth top priorities. Data centers are exacerbating our affordability crisis by driving up electrical rates.

However, if a local jurisdiction like Fredrick County decides to allow 20 plus data centers at a specific location using an estimated 3GW of power, they should be allowed to offset this impact by setting up a special tax rate for the personal property of data centers. This does not force a governing body to do this; it just gives them an option in how they implement data center governance.

Accordingly, I urge this committee to issue a FAVORABLE report.