



FREDERICK COUNTY GOVERNMENT
OFFICE OF THE COUNTY EXECUTIVE

Jessica Fitzwater
County Executive

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

DATE: February 18, 2026
COMMITTEE: Senate Budget and Taxation Committee
POSITION: Favorable
FROM: The Office of Frederick County Executive Jessica Fitzwater

As the County Executive of Frederick County, I urge the committee to give SB 427 a favorable report to enable County governments to assess a targeted business personal property tax on data centers.

While data centers have existed in communities throughout the state for decades, Frederick County is the site of a first-of-its-kind master-planned hyperloop data center campus, currently under construction at the former East Alcoa aluminum smelting plant in southern Frederick County. This project, known as Quantum Frederick, has already generated over \$50 million in recordation tax revenue as of November 2025. As the assessed value of the property increases due to the improvements made by the master developer, we expect real property tax revenue to increase significantly as well. Following preliminary discussions with the State Department of Assessment and Taxation, we anticipate that the already approved project will generate approximately \$68.8 million annually in real property taxes.

However, based on the experience of our neighbors in Northern Virginia, we know that our current tax framework is leaving significant revenue on the table. In FY24, Loudoun County, VA, collected \$875 million in tax revenue from data centers, and over 75% of that was from the business personal property tax assessed on computer equipment.¹ Likewise, Prince William County, VA, completed a 2023 Data Center Industry Tax Revenue Report and found that the business tangible personal property tax revenue from data centers is seeing steadier and more consistent growth than the overall revenue from data centers.² The tax revenue from data centers in Northern Virginia has allowed those local governments to provide tax relief to their residents through lower real property tax rates while still investing in the services and infrastructure their residents expect.

Current state law does not allow county governments to set a special tax rate for business personal property of data centers. Additionally, state law only allows Frederick County to assess a very limited business personal property tax, which does not apply to industries like data centers. Although the Frederick County Data Centers Workgroup considered possible tax policy changes, it ultimately did not recommend instituting a general business personal property tax, in part because of concerns that it would negatively impact legacy industries such as advanced

¹ [Data Center Fact Sheet One Pager](#)

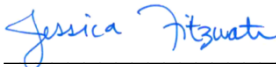
² [DATA CENTERS 2023 TAX REVENUE REPORT](#)

manufacturing, craft beverage production, and the life sciences instead of strategically capturing revenue from data centers.

Maryland's communities expect the data center industry to deliver substantial benefits—such as increased tax revenue and economic growth—without undermining other sectors. Our experience regulating and overseeing the development of Quantum Frederick has shown that data centers are highly resource-intensive and fundamentally different from other industries, primarily because of the specialized equipment and infrastructure they require. To ensure these facilities contribute fairly to local economies, counties need the ability to adopt regulations and tax policies tailored to this industry's unique characteristics. Granting counties the authority to impose a targeted business personal property tax is critical for maintaining fiscal equity and fostering a diverse, resilient economy across Maryland. As data centers continue to expand in our state, this legislative action is essential to protect local interests and strengthen economic development.

SB427 equips counties with a vital tool to address essential budget needs, including road infrastructure, education funding, and the rising costs of public services. While property taxes are the primary source of revenue for local governments, we are under increasing pressure from our residents to keep residential property rates low as property values rise and inflation affects their household budgets.

Thank you for your consideration of SB 427. I urge you to give SB 427 a favorable report.



Jessica Fitzwater, County Executive
Frederick County, MD