

# **General Assembly testimony on SB0427 - February 18**

Uploaded by: Brent Simmons

Position: FAV

## Brent Simmons

- I am in FAVOR of SB0427
- The driving force of SB0427 is the protection and continue support of **small** businesses, while increasing County revenues via a **data center industry standard** of imposing a County personal property tax.
- SB0427 has a **zero cost to the State of Maryland**.
- SB0427 does **not create a new** personal property tax on qualified data centers.
- Currently, Maryland counties are **authorized** under Section 6-202 of the Tax-Property Article to impose a business personal property tax on businesses, including qualified data centers.
- Currently, **Frederick County chooses not to impose the business personal property tax** in order to attract and support small businesses.
- However, data centers are being constructed and opening for business in Frederick County.
- Under current Maryland law, if Frederick County desires to collect personal property tax from data centers, consequently, the personal property tax must be imposed on **all** businesses. This would create a disproportionate burden to small businesses that Frederick County chooses not to support.
- Alternatively, Frederick County would be fiscally irresponsible for not collecting the significant revenue from a business personal property tax from qualified data centers.
- SB0427 would remedy this situation by authorizing a County, such as Frederick County, to **increase tax revenue only from qualified data centers** without affecting any other small businesses.
- While the data center industry lobbyists are opposed to SB0427, this committee needs to look no further than Loudon County, VA to see that imposed personal property taxes on data centers have little to no effect of discouraging the data center industry from building and operating in a County.

# **SB0427- Set a Special Rate for Personal Property o**

Uploaded by: Debbie Cohn

Position: FAV

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

Dear Chair Guzzone and Committee Members:

Thank you for considering my testimony in support of SB0427, Property Taxes - Authority of Counties to Establish a Subclass and Set a Special Rate for Personal Property of Data Centers.

Data centers support the internet and the significant business and personal devices on which we depend. Unprecedented investments in AI<sup>1</sup> and cryptocurrency operations could result in significant growth in hyperscale data centers. Because of its existing and potential availability of water, land and electrical power, Maryland has been attracting interest by data center developers. Maryland faces challenges in managing this new industry while pursuing its goals of reducing climate emissions, greening the electric grid, and protecting public health.

Meanwhile, Maryland residents are concerned about the high cost of living and Maryland faces a tight budget. Business development and income growth are top state priorities. Data centers, however, are exacerbating our affordability crisis by driving up electricity rates.

While the state assesses the likely environmental, energy and economic impacts of data center development in Maryland, data center development in the state continues. Local jurisdictions need appropriate tools now to offset the potential negative local impacts of data center development. SB0427 would provide local jurisdictions *the authority* to establish a special tax rate for the personal property of data centers *without any requirement to do so*. In short, local jurisdictions retain flexibility and control over how they implement data center governance so as to protect existing residents, businesses and economic development

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

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<sup>1</sup> Meghan Bobrowsky, Drew An-Pham and Alana Pipe, “Big Tech’s AI Push Is Costing a Lot More Than the Moon Landing”, *Wall Street Journal* (February 7, 2026).

# **Favorable SB427 Special Rate Personal Property Tax**

Uploaded by: Eileen Benecke

Position: FAV

Feb. 16, 2026

**Support, Senate Bill 427** “Property Taxes – Authority of Counties to Establish a Subclass and Set a Special Rate for Personal Property of Data Centers.” Hearing Feb. 18, 2026, Budget and Taxation Committee.

Senator Guy Guzzone, Chairman, Senator Jim Posapepe, Vice Chair, Senator Karen Lewis Young, bill sponsor, and Members of the Senate Budget and Taxation Committee,

Thank you for the opportunity to submit testimony in support of SB 427.

SB 427 makes a targeted change in the Tax – Property Article to allow the Mayor and City Council of Baltimore City or the governing body of a county to create, by local law, a subclass of personal property consisting of all personal property of a “qualified data center,” and then set a single special personal property tax rate for that subclass of data center personal property.

The bill simply gives local governments the option to tailor their personal property tax treatment of data centers when they believe it serves their fiscal and economic interests.

SB 427 builds directly on Maryland’s existing definition of a “qualified data center” in Tax – General § 11-239. Under current law, to qualify a data center must, within three years of applying for the sales and use tax exemption:

- Invest at least \$2,000,000 in qualified data center personal property and create at least five qualified positions if located in a Tier I area; or
- Invest at least \$5,000,000 in qualified data center personal property and create at least five qualified positions elsewhere in the State.

Data centers are capital-intensive facilities with large personal property footprints, including computer systems, storage equipment, and associated infrastructure used to process and store large volumes of data. In competing jurisdictions, business personal property taxes on data centers are a major revenue source and a key variable in site-selection decisions.

Maryland jurisdictions are already in direct competition with Northern Virginia and other states for large data center projects, and personal property taxes are often determinative. SB 427 gives counties a modern tool to calibrate those rates to attract long-lived, high-value investments while still generating new revenue that would not exist without the project.

Critically, SB 427 is a local-option authority:

- Each county or Baltimore City must adopt a law to create the subclass and set any special rate.
- Local governments retain full discretion to decide whether to use this authority at all, which projects qualify, and how to balance the rate with other fiscal needs and planning goals.

Because the bill ties “qualified data center” to the existing statutory definition in § 11-239, any data center receiving favorable treatment must meet clear thresholds for investment and job creation.

SB 427, if enacted, would take effect on June 1, 2026, and would apply to taxable years beginning after June 30, 2026. This gives counties time to evaluate their economic development strategies, consider local legislation, and coordinate with planning, environmental, and community stakeholders.

As Maryland considers broader policy questions about data center siting, energy use, and environmental standards, SB 427 offers a focused fiscal tool that can be used in conjunction with, not in place of, appropriate regulatory safeguards. It ensures that where local governments choose to host data centers under those safeguards, they are not structurally disadvantaged in the tax competition with neighboring states.

For these reasons, SB 427 is a prudent, targeted measure that:

- Leverages an existing “qualified data center” framework with clear investment and job requirements;
- Equips local governments with flexible, optional tools to attract and retain data center investment and associated employment;
- Helps Maryland jurisdictions compete on a more level playing field with high-revenue data center hubs in neighboring states;
- Preserves local control over when and how to adjust personal property tax rates.

I respectfully urge a Favorable report on SB 427.

Thank you for your consideration.

Eileen Benecke, Frederick, Maryland

\*This testimony was drafted with assistance from Perplexity AI.\*

# **SB 427-Favorable - Elizabeth Law.pdf**

Uploaded by: Elizabeth Law

Position: FAV

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

**SB0427 - Data Center property tax FAV - HoCoCA.pdf**

Uploaded by: HoCo Climate Action Organization

Position: FAV



**HoCoClimateAction.org**  
Howard County, Maryland

**Testimony:** [SB0427](#) - **Property Taxes - Authority of Counties to Establish a Subclass and Set a Special Rate for Personal Property of Data Centers**  
**Hearing Date:** February 18, 2026  
**Bill Sponsor:** Senator Lewis Young  
**Committee:** Budget and Taxation  
**Submitting:** Liz Feighner for Howard County Climate Action  
**Position:** Favorable

Dear Chair Guzzone, Vice Chair Rosapepe and Committee Members,

[HoCo Climate Action](#) is a [350.org](#) local chapter and a grassroots organization representing approximately 1,400 subscribers. We are also a member of the [Climate Justice Wing](#) of the [Maryland Legislative Coalition](#). Our organization works with residents and ally organizations to promote a safe climate and clean energy future.

We urge you to vote favorably on **SB0427 - Property Taxes - Authority of Counties to Establish a Subclass and Set a Special Rate for Personal Property of Data Centers**, which would allow local jurisdictions to set up a special tax rate for the personal property of data centers. This is important because local governments and residents will bear many of the costs associated with data centers.

As Maryland families continue to be burdened by ever increasing utility rates, HoCo Climate Action supports legislation that protects ratepayers from projected build out of hyperscale data centers. Maryland faces significant challenges in managing this new industry as costs are borne by residents while pursuing its goals towards reducing climate emissions, greening the electric grid, and protecting public health.

Data centers are exacerbating our affordability crisis by driving up electrical rates. However, if a local jurisdiction decides to allow data centers at a specific location, they should be allowed to offset this impact on residents 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 allows them an option in how they implement data center governance.

We support **SB0427** and recommend a **FAVORABLE** report in committee.

Howard County Climate Action  
Submitted by Liz Feighner, Steering and Advocacy Committee  
[www.HoCoClimateAction.org](http://www.HoCoClimateAction.org)  
[HoCoClimateAction@gmail.com](mailto:HoCoClimateAction@gmail.com)

# Testimony SB427 .PDF

Uploaded by: Jamie Shopland

Position: FAV

## **Testimony in Support of Senate Bill 427**

### **Position: Favorable with Strong Local Planning Considerations**

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

Chair Guzzone, Vice Chair Rosapepe, and Members of the Budget and Taxation Committee,

Thank you for the opportunity to testify in support of Senate Bill 427 as a resident and community advocate in Frederick County, Maryland, where decisions about data center development are no longer abstract policy discussions; they are active land use battles with real consequences for our farms, schools, and electric grid.

SB427 enables counties with a critical tool: the authority to ensure that data center development contributes fairly to the communities it impacts. In fast-growing regions like Frederick County, this authority is not simply helpful, it is essential to meet this moment of technological disruption.

Frederick County sits at the intersection of agricultural preservation and rapid growth. Productive farmland and protected rural landscapes are not incidental to our economy; they are central to it. Yet proposals for large-scale data center campuses increasingly target rural and agricultural-zoned land because it offers the acreage and transmission access these facilities require. Without thoughtful tax structures and local leverage, counties risk losing farmland not to housing or community-serving development, but to facilities that generate minimal employment while permanently altering the landscape.

This is not opposition to technology or innovation. This is about striking a balance.

Data centers are uniquely infrastructure-intensive. They demand massive electrical capacity, often requiring new substations, transmission lines, and grid upgrades while the underlying technology changes at break-neck pace. These upgrades are rarely confined to the data center site; they ripple outward, affecting reliability and cost for surrounding communities. In Frederick County, residents are already raising concerns about whether energy demand from proposed data center projects could strain the grid, increase utility costs, or divert infrastructure investment away from residential and small-business needs.

At the same time, counties must plan for school construction, road maintenance, emergency services, and water systems to support population growth. When large industrial projects receive substantial tax advantages without careful structuring, the fiscal burden of growth shifts onto homeowners and small businesses. SB427 gives counties the ability to prevent that outcome by ensuring that tax policy reflects true public costs.

This bill does not mandate incentives; it ensures local negotiating power. It allows counties to:

- Preserve farmland by discouraging speculative industrial land conversion
- Ensure that grid and infrastructure costs are not the burden of residents

- Structure tax rates so large industrial users contribute to schools and public services
- Align economic development with long-term community sustainability

In short, SB427 recognizes that one-size-fits-all state policy cannot account for local land use realities. By allowing counties to establish a data center personal property subclass and special rate, the bill gives local governments the flexibility needed to protect agricultural economies, infrastructure reliability, and school funding stability.

In Frederick County and across Maryland, we welcome responsible economic growth. But responsible growth requires tools that ensure development strengthens communities rather than overwhelming them. Senate Bill 427 provides exactly that tool.

For these reasons, I respectfully urge a favorable report.

Thank you for your time and consideration.

Respectfully submitted,

Jamie Shopland  
3915 Braveheart Circle, Frederick, MD 21704

Frederick County Council District 2 Candidate (By Authority: Friends of Jamie Shopland,  
Elizabeth Heaney, Treasurer)

# **Fred Co Ex Fav Testimony**

Uploaded by: Jessica Fitzwater

Position: FAV



**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.<sup>1</sup> 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.<sup>2</sup> 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

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<sup>1</sup> [Data Center Fact Sheet One Pager](#)

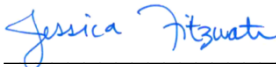
<sup>2</sup> [DATA CENTERS 2023 TAX REVENUE REPORT](#)

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

# **SB0427– Set a Special Rate for Personal Property o**

Uploaded by: Karl Held

Position: FAV

**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.

**MF\_SB 427\_Data Center Personal Property Tax.pdf**

Uploaded by: Kathy Kinsey

Position: FAV



**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**

**Organization: Mobilize Frederick**

**Submitting: Kathy Kinsey**

**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. Mobilize Frederick, a nonprofit community advocacy organization formed to assist with implementation of innovative local solutions to address climate change, strongly urges 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.

The data center sector is a capital-intensive 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.

At the same time, the impacts of data center development on communities are widely acknowledged. In Maryland and other PJM states, the unprecedented energy requirements of data centers are driving the need for deployment of new transmission infrastructure, which is contributing to sharply rising electricity prices for ratepayers. Growth of the data center sector will strain water resources and impact the ability of local governments to meet their renewable energy targets and climate goals. In Frederick County, for example, the recently released [Climate and Energy Action Plan](#) calls out data centers as the single biggest challenge to meeting the County's greenhouse gas reduction targets.

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, we respectfully request the Committee to issue a **favorable** report on SB 427.

Sincerely,

KATHY KINSEY  
Chair, Government Affairs Committee

cc: Karen Cannon  
Executive Director

**SB0427-BT\_MACo\_SUP.pdf**

Uploaded by: Kevin Kinnally

Position: FAV



## **Senate Bill 427**

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

MACo Position: **SUPPORT**

To: Budget and Taxation Committee

Date: February 18, 2026

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS** SB 427, which authorizes county governments and Baltimore City to create a separate personal property subclass for qualified data center personal property and to apply a special tax rate.

Counties have limited tools to respond when large-scale development brings real local costs and service demands. SB 427 takes a practical approach by giving counties the option to set local tax policy through local law, based on local conditions and priorities.

Data center projects can create substantial local impacts on roads, public safety, infrastructure capacity, and long-term service obligations. These projects often require significant local planning and coordination, including transportation improvements, emergency response readiness, and long-term infrastructure investments that fall largely on local governments.

Counties need the flexibility to evaluate these projects holistically and decide whether and how local tax policy should reflect local costs and responsibilities. This bill allows counties to make those decisions locally, rather than forcing a one-size-fits-all approach statewide.

Municipalities already have similar authority under current law. SB 427 extends that same flexibility to counties and Baltimore City, creating a consistent framework as data center demands grow across Maryland.

For these reasons, MACo urges the Committee to issue a **FAVORABLE** report on SB 427.

# **SB0427– Special Rate for Personal Property Data Ce**

Uploaded by: Laurie McGilvray

Position: FAV



**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  
**Organization:** Maryland Legislative Coalition Climate Justice Wing  
**Submitting:** Dave Arndt  
**Position:** Favorable  
**Hearing Date:** February 18, 2026

Dear Chair Guzzone and Committee Members:

Thank you for allowing our 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. The Maryland Legislative Coalition Climate Justice Wing, a statewide coalition of 32 grassroots and professional organizations, urges 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 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.

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 bill does not force a governing body to do this; it just gives them an option in how they implement data center governance.

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

350MoCo  
Adat Shalom Climate Action

Cedar Lane Unitarian Universalist Church Environmental Justice Ministry  
Chesapeake Earth Holders  
Chesapeake Physicians for Social Responsibility  
Climate Communications Coalition  
Climate Parents of Prince George's  
Climate Reality Greater Maryland  
ClimateXChange  
Coming Clean Network, Union of Concerned Scientists  
DoTheMostGood Montgomery County  
Echotopia  
Elders Climate Action Maryland  
Fix Maryland Rail  
Glen Echo Heights Mobilization  
Greenbelt Climate Action Network  
HoCoClimateAction  
Howard County Indivisible  
Maryland Legislative Coalition  
Maryland Energy Advocates  
Maryland Third Act  
Mizrahi Family Charitable Fund  
Mobilize Frederick  
Montgomery County Faith Alliance for Climate Solutions  
Montgomery Countryside Alliance  
Mountain Maryland Movement  
Nuclear Information & Resource Service  
Progressive Maryland  
Safe & Healthy Playing Fields  
Sierra Club Maryland Chapter  
Takoma Park Mobilization Environment Committee  
The Climate Mobilization MoCo Chapter  
Unitarian Universalist Legislative Ministry of Maryland

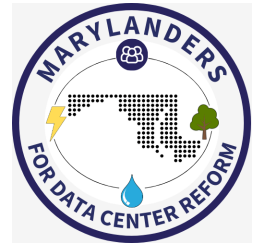
# **SB 427 FAV Testimony.pdf**

Uploaded by: Mariah Davis

Position: FAV

**SB0427- FAVORABLE**

Mariah Davis  
Nature Forward  
davisstrategies1@gmail.com  
757-291-8785



SB0427- Authority of Counties to Establish a Subclass and Set a Special Rate for Personal Property of Data Centers

Budget and Taxation Committee  
February 18, 2026

Dear Chair Guzzone and Members of the Budget and Taxation,

On behalf of Marylanders for Data Center Reform, I urge a favorable report on SB0427, Authority of Counties to Establish a Subclass and Set a Special Rate for Personal Property of Data Centers.

Marylanders for Data Center Reform, created by Nature Forward, represents over 40 Maryland social and environmental organizations, who are deeply concerned about the impacts of hyperscale data center development on ratepayers, water and air quality, and land use decisions. We strongly support SB0427, which allows counties to establish a subclass and set a special personal property tax rate for data centers.

Communities are struggling to keep up with increased costs of living. From rising energy bills to federal budget cuts, and job loss – people are struggling. Simultaneously the state and local governments are facing budget deficits. Marylanders deserve more. We need better planning for data centers and with this bill, local governments have the opportunity to address their budget challenges and bring real dollars back to communities. The data center industry is one of the most resource intensive industries of our lifetimes. A 2024 study on the local impacts of data centers from Cornell University found that public health costs are felt more in disadvantaged communities, where the per-household health burden could be up to 200x more in less-impacted communities<sup>1</sup>. Who is paying for that? Families pay those costs, but data centers should pay too.

SB0427 protects taxpayers, ratepayers, and provides long-term investments that address local needs. We strongly support counties to have the option to assess personal property taxes on data centers to offset impacts of data center development and fund local needs. We urge a favorable report for this bill.

Respectfully,

Interfaith Power & Light (DC.MD.NoVA)

Maryland League of Conservation Voters

Nature Forward

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<sup>1</sup> <https://arxiv.org/pdf/2412.06288>

**Valleys Planning Council SB0427 testimony.pdf**

Uploaded by: Renee Hamidi

Position: FAV



Committee: Budget and Taxation

Testimony on: SB0427 “Property Taxes – Authority of Counties to Establish a Subclass and Set a Special Rate for Personal Property of Data Centers “

Position: Favorable

Hearing Date: February 18, 2026

Valleys Planning Council, a non-profit that conserves land and resources, preserves historic character and maintains the rural feel and land uses in northwestern Baltimore County, urges SB0427 receive a favorable report.

A data center has an outsized impact on the County in which it is located. Data centers require enormous amounts of power and water and require utilities to build costly new infrastructure. Passing these costs on to residents is unreasonable. Allowing counties to establish a business personal property tax specifically for data centers is appropriate.

Counties can use the revenue from the tax to offset infrastructure and utility costs. Also, tax incentives used to attract data centers often leave communities with less revenue than expected due to high costs and limited job creation. A state law that allows a business personal property tax for data centers mitigates the ability of one county to push data centers to another county.

Valleys Planning Council urges a favorable report on SB0427.

Renée Hamidi  
Executive Director  
Valleys Planning Council

# **Testimony in support of SB0427 - Special Rate for**

Uploaded by: Richard KAP Kaplowitz

Position: FAV

SB0427\_RichardKaplowitz\_FAV  
02/18 /2026  
Richard Keith Kaplowitz  
Frederick. MD 21703-7134

**TESTIMONY ON SB#0427 - POSITION: FAVORABLE**

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

**TO:** Chair Guzzone, Vice Chair Rosapepe, and members of the Budget & Taxation Committee  
**FROM:** Richard Keith Kaplowitz

My name is Richard Kaplowitz I am a resident of District 3, Frederick County. I am submitting this testimony in support of SB0427, **Property Taxes - Authority of Counties to Establish a Subclass and Set a Special Rate for Personal Property of Data Centers**

Creating a specific subclass of personal property for qualified data centers in Maryland is proposed as a strategic economic development tool to attract, retain, and grow high-tech infrastructure in the state, specifically by reducing the heavy tax burden on rapidly depreciating computer equipment.<sup>1</sup>

This policy, often associated with legislation like SB 397 (2020) and subsequent initiatives, is driven by the following factors:

- **Regional Competition and Competitiveness**
- **Economic Development and Job Creation**
- **Addressing Rapid Depreciation**
- **Local Government Flexibility**
- **Minimal Service Demand**
- **Leveraging Secondary Data Center Opportunities**

To achieve these goals and provide that strategic economic development from locating data centers in Maryland this bill will authorize 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 certain qualified data centers and set a special personal property tax rate for the subclass; and applying the Act to all taxable years beginning after June 30, 2026.

There are many claims about the financial benefits of data centers, this bill attempts to ensure some of them are actually created for Maryland.

**I respectfully urge this committee to return a favorable report on SB#/0427.**

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<sup>1</sup> Google AI Search “Why should Maryland create a subclass of personal property consisting of all the personal property of certain qualified data centers”

**SB427 Written Testimony.pdf**

Uploaded by: Senator Karen Lewis Young

Position: FAV

KAREN LEWIS YOUNG  
Legislative District 3  
Frederick County

Budget and Taxation Committee



THE SENATE OF MARYLAND  
ANNAPOLIS, MARYLAND 21401

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District Office  
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The Honorable Guy Guzzone, Chair  
The Honorable Jim Rosapepe, Vice Chair  
Budget and Taxation Committee  
Maryland Senate  
Annapolis, MD 21401

February 17th, 2026

**SB427 -Property Taxes - Authority of Counties to Establish a Subclass and Set a Special Rate for Personal Property of Data Centers**

Chair Guzzone, Vice-Chair Rosapepe, and esteemed colleagues:

Senate Bill 427 will enable counties to enact a business personal property tax that would be specifically targeted at data centers. Specifically, this bill permits but does not require counties and the City of Baltimore (hereafter referred to as counties) to establish a new subclass of personal property tax rate for qualified data centers.

Data centers are a lucrative business and an important part of our growing economy. However, our tax structure might not capture the disproportionate investment these facilities require. We will have better information on this topic once the State's data center study is completed.

State code<sup>1</sup> exempts data centers from commercial sales tax on the purchase of their business personal property. This means equipment such as servers, network hardware and cooling systems — which are a substantial portion of a data center's capital investment — go untaxed. At the same time, data centers are requiring increasing public investment to upgrade transmission lines and wastewater treatment.

Senate Bill 427 gives counties a new tool to strengthen budgetary outlooks in ways that work for their economies. This bill provides a responsive solution to county financial challenges in light of recent cost shifts from the state. Empowering local governments ensures the investment in data centers benefits the communities at large. I respectfully request a favorable report.

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<sup>1</sup>MD Code, Tax - General, § 11-239

Sincerely,

A handwritten signature in blue ink that reads "Karen Lewis Young". The signature is written in a cursive, flowing style with a prominent initial "K".

Senator Karen Lewis Young

# **SB0427\_DataCenterPersonalPropertyTax\_FAV\_ClimateCC**

Uploaded by: Sonia Demiray

Position: FAV



**SB 0427 - SUPPORT**

Sonia Demiray  
Climate Communications Coalition  
[sonia@demirayink.com](mailto:sonia@demirayink.com)  
202-744-2948

**SB 0427 - FAVORABLE**

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

Budget and Taxation  
February 18, 2026

Dear Chair Guzzone and members of the Committee:

The Climate Communications Coalition is a Maryland-based grassroots climate and environmental justice non-profit, a member of the Mid-Atlantic Justice Coalition, and of the Maryland Climate Justice Wing, among others. The Climate Communications Coalition strongly supports SB 0427.

Data Centers have a disproportionate impact on Counties' infrastructure, communities, and natural resources in addition to derailing Maryland's much-needed clean energy transition.

The health of our communities will be harmed by diesel fumes - a class one carcinogen according to the World Health Organization - from the backup generators that will run most of the time until the grid is up to par.

In addition, we have already witnessed outsized state-wide electricity costs, which have been unaffordable for many this winter. These are only expected to rise because of the data centers' infrastructure and power needs.

Data centers also deplete vital natural resources including water, clean air (due to the pollution from diesel generators and construction) and biodiversity with noise and light pollution.

This bill will provide the Mayor, the City Council of Baltimore, and the governing body of any Maryland County with the option to offset some of these negative impacts by funding local needs and supporting local communities.

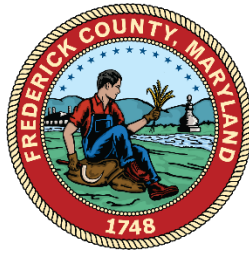
The Climate Communications Coalition respectfully requests a favorable report on SB 0427.

###

**SB 427\_FAVORABLE\_Steven McKay - Frederick County C**

Uploaded by: Steven McKay

Position: FAV



## Frederick County Council Steven J. McKay, District 2

### **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:** Steven J. McKay, Frederick County Council, District 2

I would like to strongly urge the Senate Budget and Taxation Committee to give SB 427 a favorable report to enable County governments to assess a targeted business personal property tax on data centers.

As you are all aware, in recent years, jurisdictions across the State of Maryland have seen increased interest in locating large, intensive, hyper-scale data center operations in their jurisdictions. The magnitude of the resource utilization and impacts on local government – and local communities – of these new hyper-scale data centers are unlike those we’ve experienced with data centers built even as recently 10-15 years ago. Frederick County has been on the leading edge of this rapidly evolving and growing technical landscape for the last five years with the development of the Quantum Maryland hyper-scale data center campus.

As we have studied and planned for the development of this industry in Frederick County, we have looked toward Northern Virginia’s experience to help guide our way. One thing has become very clear from that experience, the primary source of the vast tax revenues received by Northern Virginia has been their business personal property tax. Northern Virginia counties charge between \$4 and \$5 per \$100 in value of the equipment and materials subject to the business personal property tax, specifically:

- Loudoun, Prince William, Fauquier - \$4.15
- Fairfax - \$4.57
- Arlington - \$5.00

Currently in Frederick County, we do not charge a business personal property tax because of the impact it could have on our diverse business economy, and particularly upon our small businesses. Further, under Maryland law, counties are limited to assessing a business personal property tax no higher than 2.5x the real property tax rate. In Frederick County, that would equate with a potential business personal property tax of \$2.77. In other words, if this bill is passed, Maryland counties would have a great deal of flexibility to create a limited and targeted business personal property tax that would remain highly competitive to Northern Virginia, while still enabling the enormous revenue potential that this industry represents.

For Northern Virginia counties, this revenue source has represented the lion's share of their revenue bonanza from this industry – not real property taxes, not one-time recordation fees – it's been the annual business personal property tax. In FY23 alone, Loudoun County received \$576M from their data center business personal property tax. During a period in Maryland where both the State and Counties are stressed to fund critical priorities like school construction and affordable housing, we must do everything we can to capitalize on the revenue potential of this industry.

Critics of this argument will counter that a comparison between Maryland and Northern Virginia is off base, due to the lower property taxes in Northern Virginia. While it may be true that the real property tax rate is marginally lower than many Maryland counties, we must remember that this lower tax rate is assessed against Northern Virginia land values that are much higher. Despite this fact, and despite the existing business personal property tax, the data center industry continues to aggressively expand in Northern Virginia. The lesson from that is that the economics of this industry can tolerate this tax regime, and currently Maryland is largely ignoring it, to the detriment of our citizens.

However, if you remain concerned about this legislation, and enabling counties to create this limited and targeted data center business personal property tax, I'd like to point out one last feature of the bill. Under current Maryland law, counties must impose a uniform tax rate on different subclasses of business personal property, and it may not exceed 2.5x the real property tax rate. This bill would enable counties to tailor a business personal property tax rate for data centers, different from other subclasses of property. For Maryland counties who currently have a business personal property tax, and who desire to encourage data center development, this bill would allow them to lower the business personal property tax rate for data centers, as an inducement for additional development. That isn't our goal in Frederick County, but we recognize the value this may represent to other counties.

In conclusion, this bill will not impact State revenue projections because the business personal property tax is specific to the City of Baltimore and the counties. It will, however, represent an enormous opportunity for Frederick County and other Maryland counties to more effectively leverage the revenue potential of this industry, and I urge you to support this legislation.

Sincerely,



Steve McKay  
Frederick County Council, District 2

# **DCA Testimony - Oppose SB427.pdf**

Uploaded by: Andrew Zirkle

Position: UNF

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.

**For more information contact:**

Andrew Zirkle  
240-282-1551  
[andrew@mdtechcouncil.com](mailto:andrew@mdtechcouncil.com)  
[DCAMD.com](http://DCAMD.com)



# **SB0427 -- Property Taxes - Authority of Counties t**

Uploaded by: Brian Levine

Position: UNF



**Senate Bill 427 -- *Property Taxes - Authority of Counties to Establish a Subclass and Set a Special Rate for Personal Property of Data Centers***  
**Senate Budget and Taxation Committee**  
**February 18, 2026**  
**Oppose**

The Montgomery County Chamber of Commerce (MCCC), the voice of business in Metro Maryland, opposes Senate Bill 427 -- *Property Taxes - Authority of Counties to Establish a Subclass and Set a Special Rate for Personal Property of Data Centers*.

Senate Bill 427 authorizes counties to establish, by law, a subclass of personal property consisting of all the personal property of data centers and set a special personal property tax rate for the subclass. The bill further allows counties to establish a subclass and set a special tax rate for the personal property of data centers.

It is important, both economically and fiscally, that Maryland remains an attractive location for data center development. Data centers generate substantial, stable tax revenue, and their significant capital investments strengthen local property tax bases, increase personal property tax collections, and support income tax revenues from jobs created during both construction and ongoing operations. These revenues help fund schools, public safety, and critical community infrastructure, all while placing far fewer demands on local services than most other commercial or residential development.

Beyond the direct tax benefits, allowing taxation of data centers would place Maryland at a competitive disadvantage at a time when innovation and digital capability are driving economic growth. Data centers form the digital backbone of high-growth industries such as cybersecurity, life sciences, artificial intelligence, and advanced computing. Restricting their development sends a signal to these sectors that the State is not committed to supporting the infrastructure required for their success. Meanwhile, other states are actively competing for these projects, and imposing a moratorium would discourage future technology investment and undermine long-term economic opportunity.

**For these reasons, the Montgomery County Chamber of Commerce opposes Senate Bill 427 and respectfully requests an unfavorable report.**

*The Montgomery County Chamber of Commerce (MCCC), on behalf of its members, champions the growth of business opportunities, strategic infrastructure investments, and a strong workforce to position Metro Maryland as a premier regional, national, and global business location. Established in 1959, MCCC is an independent, non-profit membership organization.*

Brian Levine | Vice President of Government Affairs  
Montgomery County Chamber of Commerce  
51 Monroe Street | Suite 1800  
Rockville, Maryland 20850  
301-738-0015 | [www.mcccmd.com](http://www.mcccmd.com)

**SB 427\_BOMA\_UNF.pdf**

Uploaded by: Bryson Popham

Position: UNF



2331 Rock Spring Road  
Forest Hill, MD 21050  
443.966.3855  
info@bomabaltimore.org

February 16, 2026

The Honorable Guy Guzzone  
Chairman, Senate Budget & Taxation Committee  
3 West Miller Senate Office Bldg.  
Annapolis, Maryland 21401

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

Dear Chairman Guzzone and Members of the Committee,

I am writing in my capacity as the Legislative Chairman of the Building Owners and Managers Association of Greater Baltimore (BOMA) to respectfully request an unfavorable report on Senate Bill 427.

BOMA represents owners and managers of all types of commercial property, comprising well over 100 million square feet of office space in Baltimore and Central Maryland.

Senate Bill 427 continues a trend under which local governments have sought to create numerous subclasses of property for valuation and assessment purposes. This bill applies to personal property of data centers. It is worth noting that legislation in 2020 created the sales and use tax exemption for the sale of personal property for use at a qualified data center. The public policy thus created clearly promoted this new type of business – the data center – as part of an economic growth policy of the State. Senate Bill 427, by contrast, sends a different message: that the State intends to tax personal property in data centers separately, and quite likely, at a higher rate than current law permits.

In evaluating legislative initiatives, BOMA must also assess the impact on economic development that a particular bill may have. BOMA believes that the provisions of Senate Bill 427 send the wrong message to this new category of real estate – the data center. It may serve to discourage data center businesses that are considering locating in Maryland. For these reasons, we respectfully request an unfavorable report on Senate Bill 427.

Very truly yours,

A handwritten signature in black ink, appearing to read "Tim O'Donald", written in a cursive style.

Tim O'Donald  
Chair, BOMA Legislative Committee

cc: Bryson F. Popham, P.A.

# **SB0427\_UNF\_MTC\_Prop. Taxes - Auth. Counties Est. S**

Uploaded by: Drew Vetter

Position: UNF



Senate Budget and Taxation 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 Maryland Tech Council (MTC), with over 800 members, is the State's largest association of technology companies. Our vision is to propel Maryland to be the country's number one innovation economy for life sciences and technology. MTC brings the State's life sciences and technology communities into a single, united organization that empowers members to achieve their goals through advocacy, networking, and education. On behalf of MTC, we submit this letter of **opposition** for Senate Bill 427.

Senate Bill 427 would authorize counties and Baltimore City to create a special subclass of personal property consisting of qualified data center equipment and to set a unique personal property tax rate for that subclass. By carving out a special tax rate for one industry, this bill would treat otherwise similarly situated businesses differently based solely on type. Tax policy should be neutral and predictable so that it does not favor one sector over another, especially where long-term growth and diversified development are State priorities.

We are concerned about the intent of this legislation and whether it will be used to tax data centers at a higher rate than other industries. Additionally, because this bill would allow each jurisdiction to set different rates, there could be a wide range of tax implications across the state. Potential new data center developments will assess Maryland's complex and burdensome tax structure and choose to locate in states with a more predictable environment.

The MTC has consistently urged state leaders to embrace the potential of the data center development industry, which will support our economy and tax revenues for years to come. According to a report conducted by our organization, a typical data center project in Maryland supports 5,000 direct and indirect jobs, generates \$775 million in economic activity, and yields approximately \$18 million in tax revenue during construction. As Maryland continues to struggle with budget deficits year after year, we cannot afford to push away historic economic opportunities. For these reasons, we urge an **unfavorable** report for Senate Bill 427.

**For more information call:**

Andrew G. Vetter  
J. Steven Wise  
Danna L. Kauffman  
Christine K. Krone  
410-244-7000

**SB 427\_Commerce\_Letter of Concern.pdf**

Uploaded by: Jennifer LaHatte

Position: UNF



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.

**MBIA Letter of Opposition SB 427.pdf**

Uploaded by: Lori Graf

Position: UNF

February 18, 2026

The Honorable Guy Guzzone  
Chair, Senate Budget and Taxation Committee  
3 West Miller Senate Office Building  
Annapolis, Maryland 21401

**RE: MBIA Letter of Opposition SB 427 Property Taxes - Authority of Counties to Establish Subclasses and Set Separate Rates for Data Centers**

The Maryland Building Industry Association is submitting testimony in opposition to SB427. The proposed legislation would authorize the Mayor and City Council of Baltimore City and county to establish, by law, 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.

Providing preferential tax treatment to a single industry creates an uneven playing field. Other businesses—including small manufacturers, local service providers, and traditional industries—receive no similar relief, shifting the burden to them or to residents.

Creating a special subclass reduces predictable local revenue. Municipalities rely on stable tax streams to fund schools, public safety, and infrastructure. Preferential rates for a narrow property class jeopardize that stability. There is also no oversight for counties to enforce such a policy.

For these reasons, I respectfully urge the Committee to issue an unfavorable report. While economic development is critical, targeted tax exemptions for a narrow class of property introduce fairness, revenue, and administrative challenges that outweigh potential benefits.  
report.

For more information about this position, please contact Lori Graf at 410-800-7327 or [lgraf@marylandbuilders.org](mailto:lgraf@marylandbuilders.org).

cc: Members of the Senate Budget and Taxation Committee