



January 30, 2026

The Honorable, Marc Korman, Chair
House Economic Matters Committee
230 Taylor House Office Building
Annapolis, Maryland 21401

Oppose: HB 120 - Data Center Moratorium

Dear Chair, Korman and Committee Members:

The NAIOP Maryland Chapters represent approximately 700 companies involved in all aspects of commercial, industrial, and mixed-use real estate. On behalf of our member companies, I am writing to recommend your unfavorable report on HB 120 which would prohibit the construction and approval of data centers in the state. NAIOP's opposition is based, in part, on the following rationale:

- **The Moratorium Would be Far Too Broad** – The definition of “data center” in the bill makes no distinction about the sizes and types of data centers. With no attributes to qualify a data center, the moratorium would apply to everything from hyperscale centers that have the largest physical footprints and power demands to small servers and storage systems that can be found in many office buildings.
- **Case by Case Regulation is a Better Approach** – A state-wide moratorium blocks even well-sited, low impact data center projects.
- **A Moratorium Misses the Opportunity to Leverage Grid Modernization** – Medium and large data center projects are required to finance grid upgrades, including substations, transmission, and distribution lines. A blanket moratorium delays these investments and misses the opportunity to leverage data center development as a means of expanding or upgrading grid infrastructure.
- **Co-location Requirement Serves Only Hyperscale Data Centers** - Co-location of power generation with a small to medium sized data center is cost prohibitive. If co-location were required, only the largest data centers operated by major cloud providers like AWS, Microsoft, Google, or Apple would have the financial capacity to comply. This provision also derails the possibility of a power purchase agreement or PJM capacity auction for data center electricity generation.
- **Data Centers are Essential to Maryland's Ability to Compete and Lead in the Digital Economy** - The presence of the U.S. Cyber Command and other technology centered national security assets makes Maryland uniquely positioned to take a leading role in the digital economy. A moratorium on data center development jeopardizes Maryland's ability to capitalize on these competitive advantages and risks losing more ground to Virginia which aggressively promotes data center development.

For these reasons, NAIOP respectfully requests your unfavorable report on HB 120.

Sincerely,

Tom Ballentine, Vice President for Policy
NAIOP – Maryland Chapters, *The Association for Commercial Real Estate*

cc: Environment and Transportation Committee Members
Nick Manis – Manis, Canning Assoc.