

**TAXPAYERS
PROTECTION
ALLIANCE**

February 3, 2026

House Environment and Transportation Committee
Maryland State Legislature
100 State Circle
Annapolis, MD 21401

Dear Chair Korman, Vice Chair Guyton, and Members of the Committee:

On behalf of the millions of taxpayers and consumers we represent, the Taxpayers Protection Alliance (TPA) writes to express its concerns with House Bill 120, a bill that would enact a moratorium on the construction of new data centers in the state of Maryland. The enactment of a moratorium of this nature would be an extremely short-sighted measure that would harm Maryland's consumers and economy, the welfare of Maryland taxpayers, and hamper the state government's ability to provide basic services.

The bill's proposal is built on a fundamentally flawed premise. It presumes that the construction of new data centers will lead to spikes in demand that outpace the state's capacity to increase supply, mainly due to a lack of capacity to generate additional power. Thus, it proposes a rather simple solution: pause the construction of new data centers in the state until the legislature passes additional regulations that force all new data center projects to be accompanied with a proposal to generate additional power on-site. However, these simple solutions often lack the necessary nuance and context to correctly address the issue, especially in policymaking.

The bill's premise rests on incomplete, if not outright wrong, assumptions. While power generation is a vital part of the formula for energy abundance and affordability—and the state and the nation should aim to increase generation capacity as much as possible—it is only part of the picture. In fact, recent studies on energy prices have pointed toward the cost of power transmission, rather than lack of generation, as one of the key drivers of energy price increases.¹ Put simply, energy prices are rising not because the country is not generating enough power, but because we do not have the infrastructure to transport the power we do generate efficiently or sustainably. In many cases, this has been mostly because the United States has allowed its transmission infrastructure to age to a point where overhauls have become extremely onerous. Replacing aging systems with newer, more resilient, and weatherproof lines requires significant investments.

Ironically, in situations like this, increases in the customer base and energy demand can actually help reduce the costs per consumer of these costly renovations. The immense capital expenditures that come with modernizing the power grid are considered fixed costs, which means that the sum will be the same regardless of whether it serves one or millions of customers. In these cases, an expanded customer base allows utilities to spread the costs further, resulting in a lower cost per consumer. This has been the case in states like California, Georgia, and Maine.²

This is why the bill's one-size-fits-all approach is misguided. While in many cases additional on-site power generation is beneficial for both commercial and residential consumers (which is why tech companies are generally eager to build generators alongside new data centers), it is not necessarily the norm. For example, there might be localities where local and neighboring utility companies are generating sufficient energy to satisfy consumers' demands, but they lack the infrastructure to transport it to consumers. In those cases, it might be more

¹ https://eta-publications.lbl.gov/sites/default/files/2025-10/full_summary_retail_price_trends_drivers.pdf

² Ibid.

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beneficial for companies and utilities to broker a deal to build additional transmission infrastructure that benefits the community at large. However, this bill would create a prescriptive mandate that companies could only build a data center if they build additional generation capacity, even if such capacity were to prove redundant or inefficient.

Restricting the development of vital artificial intelligence (AI) infrastructure would be incredibly damaging for the Maryland economy. As AI becomes increasingly relevant in the economy of the future, limiting the construction of the infrastructure that powers this technology is a surefire way to ensure Maryland will miss out on the economic benefits of the AI revolution. However, the economic costs go beyond that. Such an initiative directly contradicts policies and programs already underway in the state, such as Governor Moore's "Capital of Quantum" initiative, which commits more than \$200 million in taxpayer funds to the development of a quantum industry in the state.³ Achieving such a goal will undoubtedly require the development of a robust AI sector in the state. This bill would actively undermine this objective and waste millions in taxpayers' funds.

The effects of hindering the development of the AI industry in the state go beyond the economy. It will also diminish the capacity of the Maryland state government to provide first-class services to its population and could undermine essential, life-saving government services. For example, cities like neighboring Washington, D.C., are using AI tools to optimize their 911 emergency line by using AI agents to respond to non-emergency calls, allowing them to navigate chronic understaffing issues.⁴ To process this type of real-time data in a time-efficient manner, these models need access to the computing power that is located in data centers. To ensure that the data is processed and communicated quickly, clearly, and seamlessly, it is required for this data center to be close to the city it is serving. Just this week, AI company Anthropic and the United Kingdom's government announced a partnership in which they will be developing an AI agent that will allow its citizens to better navigate government services and connect them to the right agencies and programs for their specific needs.⁵ The future of good governance will be defined through a government's capability to leverage AI, in a similar way in which governments are required to have a website or email access today. Knowingly slowing the rollout of AI in the state would be an active disservice to those communities that this legislature claims to serve.

TPA appreciates the opportunity to provide input on these critical issues. We would welcome further opportunities to engage with the Committee and its staff and to provide additional resources.

Sincerely,



David Williams
President

³ <https://governor.maryland.gov/news/press/pages/governor-moore-announces-1-billion-capital-of-quantum-initiative.aspx>

⁴ <https://www.govtech.com/em/preparedness/tri-cities-in-wash-turn-to-ai-for-understaffed-911-dispatch#:~:text=Staff%20will%20reportedly%20save%20three,calls%20made%20directly%20to%20911.>

⁵ <https://www.anthropic.com/news/gov-UK-partnership>