

HB0560- FAVORABLE

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HB0560- Sales and Use Tax and Property Tax - Exemptions for Data Centers - Repeal

Ways and Means Committee
February 12, 2026

Chair Wilkins, Vice Chair Feldmark and Members of the Ways and Means Committee,

On behalf of Marylanders for Data Center Reform, I urge a favorable report on HB0560, Sales and Use Tax and Property Tax - Exemptions for Data Centers - Repeal.

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 HB0560, because this bill protects taxpayers and ratepayers from subsidies and hidden costs to build data centers. 32 states have passed similar tax break laws and are feeling repercussions on their state budgets. At least 10 states have lost more than \$100 million per year in tax revenue to data centers¹.

- Texas lost an estimated \$1 billion in FY 2025, making it one of the most expensive subsidy programs for any industry in any state².
- In Virginia, an Annual Comprehensive Financial Report showed that taxpayers lost \$1.6 billion in FY 2025 in sales and use tax revenue from data centers³.
- Illinois, lost \$371 million in 2023 – up 628% from 2022⁴.

According to the Maryland Department of Commerce, since 2021, the state has provided more than \$22.2M in tax relief from the Sales and Use Tax Exemptions program, administered by the Comptroller of Maryland. Currently, there is no reporting on the economic impacts and gains resulting from this program that supports the build out of data centers. The expedited growth in the data center industry puts Maryland at risk from making accurate cost projections. These tax breaks come at the cost of our \$1.5B budget deficit. We urge this committee to reassess tax laws that prioritize business profits over people and working families. Data centers should pay their fair share and lawmakers should protect Marylanders from hidden, growing revenue losses.

Maryland has the opportunity now to better plan for data centers that best protect communities and taxpayers. Marylanders for Data Center Reform urges a favorable report for this bill.

¹ <https://goodjobsfirst.org/cloudy-with-a-loss-of-spending-control-how-data-centers-are-endangering-state-budgets/>

² <https://comptroller.texas.gov/transparency/reports/tax-exemptions-and-incidence/>

³ <https://goodjobsfirst.org/virginia-tax-revenue-losses-to-data-centers-soar-to-1-6-billion-for-fy25/>

⁴ <https://dceo.illinois.gov/aboutdceo/reportsrequiredbystatute.html>

Respectfully,

Maryland League of Conservation Voters

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Third Act Maryland