

House Ways and Means Committee

February 12, 2026

House Bill 560 - *Sales and Use Tax and Property Tax - Exemptions for Data Centers - Repeal*

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. The Alliance respectfully submits this testimony in opposition to House Bill 560.

House Bill 560 would repeal the sales and use tax exemption for certain sales of qualified data center personal property for use at qualified data centers and would repeal the authorization for counties and municipal corporations to reduce or eliminate the assessment of certain personal property used in qualified data centers.

We are concerned that repealing these provisions would materially weaken Maryland's competitiveness for major infrastructure investment that is highly mobile within the region. Data centers are capital-intensive, planned years in advance, and evaluated based on long-term operating costs and tax treatment. Some projects that are currently in development were planned with the expectation that the sales tax exemption passed in 2020 would remain in effect throughout the development cycle. Changes that eliminate an established incentive framework can shift projects to competitor states, taking with them construction activity, permanent jobs, tax revenue, and long-term growth in the commercial tax base.

Further, a stable and predictable policy environment is especially important for phased projects and expansion decisions. Removing these provisions increases uncertainty for projects already considering Maryland and sends a signal that the State may change core investment assumptions after a project enters the development pipeline. That uncertainty can discourage investment ultimately deter projects, leaving the state with no revenue from developments that ultimately never materialize. For these reasons, we request an unfavorable report.

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