

Committee: Ways and Means
Testimony on: HB0560- Sales and Use Tax and Property Tax - Exemptions for Data Centers
Submitting: Deborah A. Cohn
Position: Favorable
Hearing Date: February 12, 2026

Dear Chair Wilkins and Committee Members:

As a state resident and taxpayer, I thank the Ways and Means Committee for considering my testimony in support of HB0560 – Sales and Use Tax and Property Tax - Exemptions for Data Centers - Repeal.

Maryland currently subsidizes data center development by exempting qualified data centers from the State sales and use tax and authorizing local governments to eliminate or reduce business personal property taxes that would otherwise apply. These tax exemptions were enacted in 2020. Between 2021 and 2025, these exemptions have cost Maryland almost \$22.2 million in foregone revenue. This State and its political subdivisions suffer from budgets so tight that government struggles to accomplish its goals and address the needs of our business and individual residents. Maryland has a structural deficit. One means to deal with these tight budgets and address the structural deficit is to grow the economy with strategic investments that take advantage of existing strengths. Another is to eliminate unnecessary tax expenditures, in this case, these sales and use and property tax subsidies for data centers.

In the last few years we have gained a better appreciation that the factors driving the location of data centers are the availability of power, water, and land rather than tax exemptions. Certainly, any business seeks a lower tax burden. But for data centers these other factors are much more compelling. Absent these tax incentives, would high tech data center users be uninterested in data center buildings in Maryland? If not, then these subsidies are wasteful, unjustified and bad public policy.¹ In raising these questions, this Committee and the Maryland General Assembly would not be alone.^{2 3 4}

In 2025, Maryland approved a data center study to understand more completely the financial impacts of data center development, including tax exemptions. Before the State forgoes additional State revenue, it should determine if the costs are warranted.

Accordingly, I urge this Committee to give HB0560 a FAVORABLE report.

¹ Tax Abatements: The Basics, National Housing Conference, <https://nhc.org/policy-guide/tax-abatements-the-basics/>

² See, e.g., *Michigan Lawmakers Introduce Bill to Repeal Data Center Tax Incentives*, Inside Climate News, December 16, 2025, <https://insideclimatenews.org/news/16122025/michigan-lawmakers-introduce-bill-to-repeal-data-center-tax-incentives/>;

³ Data Centers Won Billions in Tax Breaks, Some States are Balking, Bloomberg News, January 13, 2026, <https://news.bloombergtax.com/daily-tax-report-state/data-centers-won-billions-in-tax-breaks-some-states-are-balking?context=search&index=2>

⁴ It's a Money Loser: Tax Breaks for data Centers are Under Fire, Bloomberg News, May 9, 2024, <https://www.bloomberg.com/news/articles/2024-05-09/ai-boom-has-some-states-rethinking-subsidies-for-data-centers>