



Committee: House Ways and Means

Testimony on: House Bill 560 – Sales and Use Tax and Property Tax -Exemptions for Data Centers - Repeal

Organization: Mobilize Frederick

Submitting: Kathy Kinsey

Chair, Government Affairs Committee

Position: Favorable

Hearing Date: February 12, 2026

Dear Chair Wilkins, Vice Chair Feldmark, and Committee Members:

Thank you for the opportunity to submit testimony today in support of HB 560 – The Sales and Use Tax and Property Tax - Exemptions for Data Centers - Repeal.

Mobilize Frederick, a nonprofit community advocacy organization formed to assist with implementation of innovative local solutions to address climate change, strongly urges the Committee to issue a **favorable** report on HB 560.

This bill will repeal both the existing State Sales and Use Tax exemption for qualified data centers and the authority given to local governments to eliminate or reduce business personal property taxes that would otherwise be applicable to data centers. These tax exemptions were enacted in 2020 before the sharp growth of hyperscale data centers, and without the benefit of a comprehensive study of the economic, energy, environmental, and other community impacts of data centers.

Today, communities in Maryland and across the country where data center development is occurring are experiencing unexpected costs and other impacts – new dependence on fossil fueled generation to meet unprecedented growth in electricity load from data center development, strained grid capacity during periods of peak load, concerns about adequate water resources, along with noise, vibration, air pollution impacts, and sharply rising electricity prices. In 2024, for example, consumers in seven PJM states paid \$4.3 billion more in electricity costs to cover deployment of new transmission infrastructure to serve data centers.

These developments are causing a growing number of states that offer tax exemptions to question whether lost tax revenue outweighs the benefits of data centers.¹

During the period from 2021 to 2025, the State has forfeited nearly \$22.2 million in tax revenues due to data center tax exemptions. These tax exemptions are contributing to the State's current structural budget deficit. This year, as the result of legislation passed in the previous session, the State will undertake a comprehensive study to fully understand the economic, energy, and environmental impacts of data centers. Any decision to grant tax exemptions to data centers should be informed by a proper cost-benefit analysis and the results of this study.

For all these reasons, we urge this Committee to give HB 560 a **favorable** report.

Sincerely,

KATHY KINSEY
Chair, Government Affairs and Policy Committee

cc: Karen Cannon
Executive Director

¹ In Race to Attract Data Centers, States Can Forfeit Millions of Dollars in Tax Revenue to Tech Companies, CNBC, June 20, 2025, <https://www.cnbc.com/2025/06/20/tax-breaks-for-tech-giants-data-centers-mean-less-income-for-states.html>.

