



House Bill 560

Date: February 12, 2026

Committee: House Ways & Means

Position: Unfavorable

Founded in 1968, the Maryland Chamber of Commerce (the Chamber) is the leading voice for business in Maryland. We are a statewide coalition of more than 7,000 members and federated partners, and we work to develop and promote strong public policy that ensures sustained economic growth for Maryland businesses, employees, and families.

House Bill 560 (HB 560) would repeal Maryland's existing sales and use tax exemption for qualifying data center equipment, effectively removing a tax incentive that was enacted in 2020 to attract data center investment to the state.

In 2020, the legislature passed, as part of a deliberate, bipartisan effort, SB 397 to attract large-scale digital infrastructure investment to Maryland. That exemption is only now beginning to function as intended. Data center projects involve long planning horizons, substantial upfront capital investment, and multi-year site selection processes. Repealing the exemption at this stage would undercut projects that are just coming online and send a troubling signal to prospective investors that Maryland is unwilling to allow economic development incentives sufficient time to demonstrate results.

Maryland is competing aggressively with neighboring and peer states for data center investment. HB 560 risks positioning Maryland as hostile or uncertain toward data center development at a moment when demand for digital infrastructure is accelerating nationwide. Beyond the immediate economic impact, the broader policy concern is predictability. Businesses make siting and investment decisions based on the expectation that state policy frameworks will remain stable long enough to evaluate effectiveness. Repealing an incentive shortly after it begins producing results undermines that predictability and raises concerns well beyond the data center sector.

Data centers bring significant capital investment, construction activity, high-skilled jobs, and long-term commercial tax base growth. Maryland should carefully evaluate the full economic and competitiveness implications before reversing course on an incentive that has not yet been fully realized.

For these reasons, the Maryland Chamber of Commerce respectfully requests an **unfavorable report** on **HB 560**.