



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 Maryland Tech Council (MTC), with over 800 members, is the State’s largest association of technology companies. Our vision is to propel Maryland to be the country’s number one innovation economy for life sciences and technology. MTC brings the State’s life sciences and technology communities into a single, united organization that empowers members to achieve their goals through advocacy, networking, and education. On behalf of MTC, we submit this letter of **opposition** for House Bill 560.

House Bill 560 proposes to fully repeal the sales and use tax exemption for purchases of qualified data center personal property, as well as the authority for counties and municipalities to reduce or eliminate the assessment of such property. This exemption has played a critical role in positioning Maryland to compete for large-scale digital infrastructure investments—investments that create high-wage jobs, expand the state’s innovation ecosystem, and support every sector of the modern economy.

This policy is still new and already working. It should not be dismantled at the very moment Maryland’s data center industry is emerging. The underlying incentive was enacted only recently. In 2020, Maryland passed Senate Bill 397, which created a sales and use tax exemption for qualified data center personal property, effective July 1, 2020. To qualify, a data center must invest significant capital—at least \$2 million in Tier 1 areas or \$5 million elsewhere—and create at least five new high-quality jobs. These requirements were deliberately designed to ensure the state realized meaningful economic benefit before any tax advantage was provided. Since its enactment, the exemption has functioned exactly as the General Assembly intended: it has placed Maryland on the map in a highly competitive national landscape for data center recruitment. The Maryland Department of Commerce has established the certification process, and companies have begun making investment decisions based on Maryland’s long-term commitment to this incentive.

Repealing the exemption now would not only reverse that commitment—it would signal to global investors that Maryland is an unreliable partner. Data center site selection is extraordinarily sensitive to tax policy. States like Virginia, Ohio, Texas, and Arizona have seen billions of dollars in investment because they maintain stable, competitive incentive frameworks. Maryland, by contrast, is only at the beginning stages of developing this industry, and House Bill 560 risks halting that progress before it has a chance to mature.

Data centers underpin nearly every modern industry, including biotech R&D, artificial intelligence, autonomous systems, fintech, cybersecurity, telemedicine, and cloud-based enterprise operations. If Maryland intends to remain a leader in technology, it must maintain the infrastructure environment required to support that growth. The General Assembly made a

forward-looking decision in 2020 to position Maryland as a competitive destination for data centers. The industry is only now beginning to form and expand, and undoing the exemption at this early stage would squander the economic development gains the state is just starting to achieve.

For these reasons, the MTC respectfully urges the Committee to **issue an unfavorable report on House Bill 560.**

For more information call:

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