



HoCoClimateAction.org
Howard County, Maryland

Testimony: [HB0560](#) – Sales and Use Tax and Property Tax - Exemptions for Data Centers - Repeal
Hearing Date: Feb. 12, 2026
Bill Sponsor: Delegate Palakovich Carr
Committee: Ways and Means
Submitting: Liz Feighner for Howard County Climate Action
Position: Favorable

Dear Chair Wilkins, Vice Chair Feldmark and Committee Members,

[HoCo Climate Action](#) is a [350.org](#) local chapter and a grassroots organization representing approximately 1,400 subscribers. We are also a member of the [Climate Justice Wing](#) of the [Maryland Legislative Coalition](#). Our organization works with residents and ally organizations to promote a safe climate and clean energy future. Specifically, we have worked extensively on building electrification to help Maryland achieve its ambitious climate goals, including net-zero emissions.

As Maryland families continue to be burdened by ever increasing utility rates, HoCo Climate Action supports legislation that protects taxpayers and ratepayers. We urge you to vote favorably on **HB0560 – Sales and Use Tax and Property Tax - Exemptions for Data Centers - Repeal**, which would repeal state authorization for local governments to enact sales and use and property tax exemptions for data centers. This authorization was enacted in 2020 and currently Anne Arundel, Howard, and Prince George's have exercised their authority to exempt data centers from personal property taxes. We are particularly concerned that Howard County is losing revenue that would otherwise be used for providing more services to residents .

Giving tax breaks to the richest companies building data centers when state and local budgets are plagued by deficits makes for bad policy when siting of a data center is determined by finding power, land and labor and not [tax breaks](#). “Four of the largest tech companies spent more than \$200 billion in the last year on capital expenses, largely to build new data centers. They’re expected to spend just as much or more next year. “I can’t think of a site selection or placement decision that was decided on a set of tax incentives,” said Bo Williams, the executive responsible for Microsoft’s data centers in North America.”

According to the Maryland Department of Commerce, since 2021, the state has provided more than \$22.2M in tax relief from the Sales and Use Tax Exemptions program, administered by the Comptroller of Maryland. Currently, there is no reporting on the economic impacts and gains resulting from this program that supports the build out of data centers. These tax breaks come at the cost of our \$1.5B budget deficit. We urge this committee to reassess tax laws that prioritize business profits over people and working families. Data centers should pay their fair share and lawmakers should protect Marylanders from hidden, growing revenue losses.

Electricity costs in some data center-dense areas have surged by over 250% in just five years. In 2024, consumers across seven PJM states paid \$4.3 billion more in electricity costs to cover deployment of new transmission infrastructure to serve data centers. Given these and other impacts, tax exemptions should be repealed and instead, [incentives](#) should be conditioned on data center commitments to minimize ratepayer impacts, meet clean energy and other sustainability benchmarks, undertake community benefit projects, hire locally, and invest in local workforce development training.

For these reasons, we support **HB0560** and recommend a **favorable** report.

Howard County Climate Action
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