

Testimony In Favor of HB 560

Sales and Use Tax and Property Tax – Exemptions for Data Centers – Repeal House Ways and Means Committee

Position: FAVORABLE

Chair Wilkins, Vice Chair, and Members of the Committee:

I am Ron Weiss and I live in Fort Washington. I am the President of the Indian Head Highway Area Action Council, Inc. (IHHAAC).

I submit this testimony in support of HB 560, which repeals Maryland’s sales and use tax exemption for qualified data center personal property and repeals the authority for counties and municipalities to reduce or eliminate personal property tax assessments for qualified data center personal property.

Why repeal is warranted

1) The tax benefit is large for data center developers and operators because the exemption applies to a broad set of equipment, including power infrastructure, while the job thresholds for qualification are comparatively modest.

Under the law being repealed, a “qualified data center” can qualify with as little as \$2 million in equipment investment in a Tier I area (or \$5 million elsewhere) and the creation of at least five qualified positions. For a capital-intensive land use with major infrastructure impacts, these thresholds are low relative to the scale of the subsidy and the scale of the burden shifted onto residents and other businesses.

2) The exemption covers a very broad set of equipment, including power infrastructure

The definition of “qualified data center personal property” being repealed is expansive. It includes not only servers and networking equipment, but also HVAC systems and “equipment necessary for the generation, transformation, transmission, distribution, or management of electricity,” including exterior substations, generators, UPS systems, and batteries. In practice, that means the tax preference can subsidize extensive behind-the-meter power infrastructure that is at the heart of today’s local controversies about reliability, emissions, and community impacts.

3) The structure allows long-running exemptions

The exemption is administered through an eligibility certificate that must be renewed annually, but can be renewed for up to 10 consecutive years, and up to 20 years if the

investment reaches \$250 million. This is not a short-term, targeted incentive. It is a long-duration tax expenditure.

4) It pressures counties and municipalities to “compete” by giving away the local tax base

Current law authorizes a county or municipal corporation to reduce or eliminate the assessment percentage for qualified data center personal property. In Prince George’s County, where residents are debating zoning and siting rules for data centers, this kind of local tax competition is counterproductive. It encourages rapid expansion while shrinking the local fiscal capacity needed for planning, permitting, enforcement, emergency services, and infrastructure.

Why this matters for Prince George’s County

Prince George’s County is actively grappling with where, and under what standards, data centers should be allowed. State tax incentives that subsidize the most equipment-heavy components of data centers tilt the playing field toward faster buildout, larger footprints, and greater electric demand, even when the community is asking for a more cautious, infrastructure-first approach. Repealing these exemptions does not ban data centers. It simply stops the State from subsidizing them at a time when grid capacity, rate impacts, and local compatibility are major and unresolved concerns.

Request

For these reasons, I respectfully ask for a **Favorable Report** on HB 560.

Thank you for the opportunity to submit testimony.