HB 905
Sales and Use Tax Exemption-
Qualified Data Center Personal Property- Eligibility

Data centers are buildings housing the physical infrastructure to store and manage the data needed for the internet. Data centers serve an important role in our digital world and in our economy. However, these sites are incredibly energy- and water-intensive. Virginia has almost 300 data centers and as of 2022, 21% of Dominion Power's electric load in Virginia was being used to power these facilities.[1]

Considering Maryland's climate, clean energy, greenhouse gas reduction, and environmental protection goals, creating the right framework for the data center industry can allow Maryland to set a precedent as a state that meets its sustainability, economic development, and tech goals simultaneously.

In 2020, Maryland passed SB 397 which provided a sales and use tax exemption for data centers.

This bill alters the requirements for a data center to qualify for the sales and use tax exemption enacted in 2020. The new requirements are as follows:

- All contractors and subcontractors hired for the construction or maintenance of the data center must pay prevailing wages.
- Registered apprentices must be included in the construction and maintenance of the data center.
- Battery storage on site, equivalent to 5% of diesel back up generation
- To the extent practicable, use solar energy generation on site.
- When available, procurement of at least 15% of energy requirements of the site must be from Maryland offshore wind.
- If contracts for offshore wind energy are not available, the data center must purchase SRECS (solar renewable energy credits) equivalent to at least 15% of the energy demand.

For more information please contact:
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[1] "Centers of controversy: Is there enough energy in Md. to meet its tech ambitions?" 11 December 2023. Maryland Matters. link.