



House Bill 560

Sales and Use Tax and Property Tax - Exemptions for Data Centers - Repeal

MACo Position: **OPPOSE**

To: Ways and Means Committee

Date: February 12, 2026

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **OPPOSES** HB 560. This bill repeals counties' authority to exempt specified data center equipment from the local personal property tax. The bill also repeals the State sales and use tax exemption for qualified data center personal property.

Under current law, counties may choose whether to exempt certain data center equipment from the local personal property tax. HB 560 extinguishes that local option and strips counties of a practical tax tool for managing the local impacts of a burgeoning industry.

Counties need flexibility to make local tax decisions based on local conditions. Data center projects can carry real local costs tied to roads, public safety, infrastructure capacity, and long-term service demands. Counties need the ability to decide whether a tax incentive makes sense locally and, if so, on what terms.

This bill eliminates local discretion and prevents counties from weighing local costs, local benefits, and long-term budget impacts when significant projects come forward.

When the State removes local tax discretion, counties lose a practical way to align incentives with local needs and to weigh the local fiscal tradeoffs of significant development projects that can shape long-term service and infrastructure obligations.

HB 560 narrows local decision-making over a local revenue source and reduces county flexibility in managing large-scale development. Accordingly, MACo urges the Committee to issue an **UNFAVORABLE** report on HB 560.