

## **Data Center Alliance of Maryland (DCA-MD) End of Session Data Center Policy Review**

Throughout the 2026 legislative session, data center policy became a legislative flashpoint in a way that it hadn't been in previous years. Additionally, the prominence of energy affordability as a political priority for the General Assembly brought data centers into the conversation of how to lower energy bills for Marylanders. In all, nearly 30 bills targeting Maryland's nascent data center industry were introduced. The Data Center Alliance, along with its partners, worked to shed light on how and why these policies would be damaging for the development of a responsible data center industry that could provide tremendous benefit to the state.

The General Assembly ended up approaching the issue of data centers through the development of an omnibus energy bill. It was through this process that most legislation targeting data centers failed, while a select few bills concerning data centers had their concepts rolled into the Utility RELIEF Act. While the Utility RELIEF Act does change the playing field somewhat for data centers, thanks to the hard work of advocates, many of the negative legislative outcomes were left on the cutting room floor.

Below is a summary of the most impactful bills concerning data centers that were introduced during the 2026 Legislative Session, starting with the Utility RELIEF Act:

### **HB1532/SB841 - The Utility RELIEF Act**

What began as a short and somewhat inconsequential bill became the vehicle for the totality of the General Assembly's energy policy, including policies impacting data centers. Many of the concepts contained within other bills that concerned data centers were ultimately included in the final version of this bill, which was a visible priority for leadership in both chambers as well as Governor Moore. What follows is a list of the provisions concerning data centers that were included in the final version of the bill:

- A change to the definition of "large load customer," a classification which is intended to identify and capture data centers for the purpose of assigning them a tariff which allocates the cost of infrastructure buildout. Prior to this bill, large load customers were users with an aggregate monthly demand of 100MW or more and a load factor of 80% or greater. This bill lowered the demand threshold to 25MW and the load factor threshold to 60%. This means that more data center customers will be captured by this "large load customer" definition and be subject to the tariff and other requirements set forth in statute.
- A mandatory registration program for large load customers paired with a requirement to report metrics regarding water and energy use to the Public Service Commission. Reported information will remain confidential and will be aggregated, anonymized, and compiled into an annual public report to be provided to the General Assembly. Large load customers will also be required to report redundant interconnection requests within PJM to the PSC.
- A voluntary "clean capacity rating program," which can unlock accelerated state permitting times and the right to construct substations for large load customers. Large load customers must meet at least 80% of their capacity needs through demand response, new generation within their local delivery area, or new energy storage facilities to be eligible for benefits.

- A requirement for the Public Service Commission to develop a voluntary demand response program tailored to large load customers.
- Language concerning cost allocation, which gives the PSC leeway to determine which costs to allocate during large load tariff proceedings rather than rigidly assigning costs through statute.
- A change to the regulatory classification of on-site battery storage from load to capacity, easing the burden on developers that want to include these systems.
- A prohibition on locating data centers in tax increment financing zones in Baltimore City, such as Baltimore Peninsula.
- Intent language suggesting that data center developers and operators work with state and local governments, engage with local communities, develop their own energy sources, hire Maryland workers at prevailing wage, and create a specific plan to meet those objectives.
- No revisions to the current state tax structure that data centers are subject to, including the current sales and use tax exemption for data center equipment.

#### **HB120 - Moratorium on Construction of New Data Centers - Co-Location and Generation Contingency**

HB120 would have enacted a statewide moratorium on the construction of data centers. This moratorium would have remained in effect until the General Assembly passed new legislation concerning the co-location of generation assets with data center developments. Thanks to stiff opposition, this bill never left committee.

#### **HB560 - Sales and Use Tax and Property Tax - Exemptions for Data Centers – Repeal**

HB560 would have repealed the recently enacted sales and use tax exemption for data center development. Eliminating this vital draw would have made Maryland a less viable regional competitor for new projects, resulting in unrealized jobs and revenue. This bill remained in committee, never advancing to the floor for a vote.

#### **SB853 - Economic Development Activity - Nondisclosure Agreements**

SB853 would have prohibited local and state government officials from entering into non-disclosure agreements with data center developers, along with many other types of economic development interests. These agreements are vital to the execution of data center projects in the same way that they are vital to other types of development. This bill ultimately did not move out of committee.

#### **HB78/SB457 & HB90/SB224 - Property Taxes - Authority of Counties to Establish a Subclass**

Each of these bills would have radically changed the local property tax structure and underlying development conditions for data centers. HB78/SB457 would have permitted counties to set different property tax rates for land and improvements to land, and HB90/SB224 would have permitted counties to set a special tax rate for commercial and industrial properties. Either of these bills could have resulted in massive new local property tax liabilities for data center developments, far exceeding those imposed in the current tax environment. Neither of these bills received a vote in their respective committees.

#### **HB940/SB596 - Large Load Customers - Electric System Interconnection and Demand Response Program**

This legislation would have established a demand response program run by the Public Service Commission and



required any new data center development in the state to provide a portion of the capacity required to service its load, either through new energy assets or demand response. While this bill did not leave committee, the concept of a PSC-run demand response program was incorporated into the Utility RELIEF Act without the burdensome capacity provision requirements that were a part of this bill.

**HB1411 - Data Center Planning and Transparency Act**

HB1411 would have created burdensome, first-in-the-nation reporting requirements for data center developments in Maryland that would have exposed data that is vital to competitive development. Additionally, this bill would have required each of Maryland's municipalities and counties to enact unique land use provisions that are specific to data centers. Each of these provisions would have made Maryland an extraordinarily difficult environment to develop in compared to other regional competitors. This bill ultimately did not move out of committee, and reporting requirements that respect the need for confidentiality were included in the Utility RELIEF Act.

**SB992 - Public Utilities - Large Load Customers - Registration and Demand Response Program**

SB992 would have enacted strict reporting requirements and mandated that data centers participate in demand response and/or develop new energy resources to be eligible for the sales and use tax exemption on data center equipment. These provisions would have made Maryland significantly less attractive as a home for new data center projects. This bill ultimately did not move out of committee and some of its concepts were incorporated into voluntary programs that were part of the Utility RELIEF Act.

**HB1532 - Data Centers - Standards for Operation and Siting**

HB1532 would have enacted controls on vibrations, air emissions, and noise for data centers that would far exceed standards set for other industries in Maryland or for data centers in other jurisdictions. This bill would have undercut local control for these aspects of development and would have added significant unnecessary costs for new projects in Maryland. This bill failed in committee having not received a vote.

While this list of legislation related to data centers is not exhaustive, it covers the most consequential of the bills that were introduced. Other than the Utility RELIEF Act, no other legislation directly relating to data centers was passed by the General Assembly. Thanks to efforts from DCA and our partners, Maryland's lawmakers rejected extreme policies and instead took a measured approach to ensure responsible data center development that will bring substantial benefit to the state can continue to call Maryland home. DCA will continue to work in the interim to engage with localities on data center policies and educate both elected officials and the public on the industry's important role in Maryland's innovation economy.

