



# FREDERICK COUNTY GOVERNMENT

## OFFICE OF ECONOMIC DEVELOPMENT

Helen Propheter, Executive Director

RE: **HB1339 – Sales and Use Tax and Personal Property Tax – Exemptions- Data Centers**

Frederick County Office of Economic Development Position: **SUPPORT**

As the Executive Director of the Frederick County Economic and Workforce Development, I would like to highlight the positive momentum of job growth we are currently experiencing.

Frederick County ended 2019 with 104,088 jobs, representing 6,397 additional jobs and an overall increase of 6.5% over the last five years. Maryland's five year job growth rate was 4.6% during the same timeframe. Frederick County added 1,484 jobs from 4Q-2017 to 4Q- 2018, representing an increase of 1.4%. As of 4<sup>th</sup> quarter 2018, there were 6,514 businesses in Frederick County, representing 159 net new businesses since 2014.

Some of our recent major announcements include:

- o Kroger/ Ocado Fulfillment Center - 330,000 sf and 400 new jobs
- o Kite Pharma - 279,000 sf and 400 new jobs
- o Costco eCommerce Distribution - 293,931 sf and 134 new jobs
- o Goodwill Industries eCommerce - 108,168 sf and 150 new jobs
- o Navistar Direct Marketing - 205,000 sf and 200 new jobs

With these announcements, Frederick has been in the spotlight and has received local, regional and national attention. In particular, we have had an influx in data center prospects seeking Frederick as a possible location. These data center prospects are larger in nature and would bring thousands of jobs to the area, not just hundreds. Frederick County is always looking to diversify our industry-base and grow our major employers. As we meet with these data centers, they expressed serious concerns regarding Maryland's competitiveness as Virginia is our neighbor.

Northern Virginia, just outside Washington, D.C., is one of the top spots nationally for data centers. The state has updated its sales tax exemptions for data centers several times in recent years. Last year alone, Virginia waived an estimated \$48 million in state and local sales tax revenue for data centers. The state lists more than 60 data centers eligible for the sales tax break with a combined investment of \$5.8 billion. Companies benefiting include Facebook, Microsoft, Ticketmaster, Bank of America, Capital One, Visa and the Amazon subsidiary Vadata.

To continue to diversify our industries and grow our job opportunities, we strongly **support** this bill and **urge** the Committee to give this bill **favorable approval**.

Best regards,

Helen Propheter

Executive Director, Frederick County Economic and Workforce Development