

**Department of Legislative Services**  
 Maryland General Assembly  
 2026 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

House Bill 1534 (Delegate Miller)  
 Environment and Transportation

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

This bill – under the Environment Article – requires that an owner or operator of a data center (1) meet specified requirements if the data center is located within a 2,500-foot radius of the boundary of a primary or secondary school property and (2) comply with specified standards the bill requires the Maryland Department of Environment (MDE) to establish by regulation. The bill also – under the Land Use Article – (1) prohibits a local approving authority of a local jurisdiction other than Baltimore City from authorizing construction of a data center, in specified locations, or if the construction would result in a violation of the bill’s provisions established under the Environment Article (above) and (2) requires an applicant to show that the applicant has evaluated decommissioned industrial or power plant sites if applying to construct a data center on previously undeveloped land.

**Fiscal Summary**

**State Effect:** Special fund expenditures increase by at least \$239,900 in FY 2027, with ongoing costs in future years. General fund revenues may increase beginning in FY 2027.

(in dollars)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
GF Revenue	-	-	-	-	-
SF Expenditure	\$239,900	\$173,200	\$181,300	\$189,600	\$197,800
Net Effect	(\$239,900)	(\$173,200)	(\$181,300)	(\$189,600)	(\$197,800)

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease*

**Local Effect:** The bill is not expected to have a direct, material effect on local finances, as discussed below.

**Small Business Effect:** Potential meaningful.

## Analysis

### Bill Summary:

#### *Owner or Operator Requirements (Added to the Environment Article)*

If a data center is located within a 2,500-foot radius of the boundary of a primary or secondary school property, the owner or operator of the data center must, in addition to any other federal, State, or local requirements:

- ensure electrical substations and overhead transmission lines that have a voltage carrying capacity in excess of 69 kilovolts maintain a minimum 1,000-foot setback from any playground or athletic field on the school property;
- before operating the data center and on request from a school, provide (1) for the installation of HEPA-only filters and MERV 13+ filters in the school's heating, ventilation, and air-conditioning system and (2) funding for annual costs related to maintaining and replacing the filters; and
- install and maintain a public-facing air quality sensor network at the air intakes of the school to monitor particulate matter 2.5, nitrogen dioxide, and carbon monoxide.

The owner or operator of any data center must – in addition to any other federal, State, or local requirements – ensure compliance with the standards established by MDE under the bill (described below).

“Data center” means a building or group of buildings used to house computer systems, computer storage equipment, and associated infrastructure that businesses or other organizations use to organize, process, store, and disseminate large amounts of data.

#### *Maryland Department of Environment Regulations*

MDE must establish by regulation sound and vibration controls and requirements for backup power generation for data centers. The regulations must:

- set sound level limits that prohibit dBC from exceeding dBA by more than 10 decibels of sound;
- for school and residential property, set sound level limits that may not exceed 45 dBA or 55 dBC;
- set peak particle velocity limits that may not exceed 0.02 inches per second at any school foundation;
- require all mechanical equipment to use spring-isolated foundations with 95% efficiency;

- require each backup generator within one mile of the boundary of a school or residential property to meet Tier 4 emission standards and certification requirements established by the U.S. Environmental Protection Agency (EPA);
- for a data center that requires more than 50 megawatts, require on-site battery energy storage; and
- prohibit nonemergency backup generator testing between the hours of 7:30 a.m. and 4:30 p.m., Monday through Friday.

“dBA” means decibels of sound as determined by the A-weighting network.

“dBC” means decibels of sound as determined by the C-weighting network.

### *Emergency Stop Work Orders*

A local health department or MDE may issue an emergency stop work order if (1) any sound or vibration limit set for school property by MDE in regulation is exceeded for more than four hours during school hours or (2) an air quality monitor detects an increase of 20% or more in pollutants during backup generator testing.

### *Civil Penalties and Permit Revocation or Suspension*

A person who violates the above provisions is subject to a civil penalty of \$10,000. In addition, if an owner or operator of a data center has violated the provisions multiple times, MDE may revoke or suspend any permit issued by MDE to the data center under the Environment Article.

### *Data Center Siting Requirements (Added to the Land Use Article)*

The bill adds the following provisions to the Land Use Article, which are applicable to local jurisdictions other than Baltimore City:

- a local approving authority may not authorize construction of a data center (1) on land with soils classified as U.S. Department of Agriculture soil capability Class I or Class II unless there is no other land in the local jurisdiction that is available and classified as an industrial zone; (2) on land encumbered by an agricultural easement; (3) in a Rural Legacy Area (a region designated under the Rural Legacy Program as rich in a multitude of agricultural, forestry, natural, and cultural resources); or (4) if construction of the data center would result in a violation of the bill’s provisions above; and
- before a local approving authority may approve an application for the construction of a data center on land that has not been previously developed, an applicant must

submit a report that verifies that the applicant evaluated decommissioned industrial or power plant sites before submittal of the application.

**Current Law:**

*Chapter 3 of the 2025 Special Session – Report on Data Center Development*

Chapter 3 of the 2025 Special Session requires MDE, the Maryland Energy Administration (MEA), and the University of Maryland School of Business, respectively, to complete assessments of the likely environmental, energy, and economic impacts of data center development in Maryland:

- MDE must undertake an assessment of the potential impacts of the data center industry on the State’s natural resources, including an evaluation of (1) the potential impacts on air and water quality; (2) the potential impacts on the State’s ability to meet its bay restoration goals and other environmental objectives; and (3) the availability of technologies that could mitigate the environmental impacts of data centers and the feasibility of implementing those technologies;
- MEA must assess the potential energy impacts of the data center industry, including an evaluation of (1) the energy requirements of data centers; (2) the industry’s potential impacts on current and forecasted energy demand and supply in the State (including how data centers will likely affect future energy infrastructure needs and costs paid by ratepayers); and (3) the industry’s potential impact on the State’s ability to meet greenhouse gas emissions reduction commitments and clean energy goals; and
- the University of Maryland School of Business must assess, in consultation with industry experts, the potential economic and fiscal impacts of the data center industry in the State, including an evaluation of (1) the likely impact of data centers on State and local revenues and expenditures and (2) the jobs likely to be created through the construction and operation of data centers.

The Department of Legislative Services (DLS) must coordinate the preparation of the assessments and synthesize them into a final report submitted to the Governor and the General Assembly by September 1, 2026.

*Chapter 411 of 2024 – Power Generation Approval and Corporate Income Tax Revenues*

Chapter 411 of 2024 (Critical Infrastructure Streamlining Act of 2024) (1) allows electricity generating units or facilities that produce onsite emergency backup electricity for critical infrastructure facilities (including data centers) to be constructed without obtaining a Certificate of Public Convenience and Necessity (CPCN) or an approval to construct (under the CPCN exemption process) from the Public Service Commission and

(2) requires that a portion of corporate income tax revenue attributable to qualified data centers that are operational on or after January 1, 2026, be distributed to the Strategic Energy Investment Fund (SEIF) (which funds various energy-related policies).

### *Federal Clean Air Act*

The federal Clean Air Act (CAA) is the comprehensive federal law that regulates air emissions from stationary and mobile sources. Among other things, the law authorizes EPA to establish National Ambient Air Quality Standards (NAAQS) to limit levels of “criteria pollutants” to protect public health and public welfare and to regulate emissions of hazardous pollutants.

MDE implements CAA at the State level and (1) has jurisdiction over emissions into the air and ambient air quality in the State; (2) is responsible for monitoring ambient air quality in the State; and (3) must coordinate all State agency programs on ambient air quality control. Maryland’s Air Quality Planning Program writes State Implementation Plans and regulations to reduce emissions and achieve the NAAQS for six criteria air pollutants: ground-level ozone; particulate matter; lead; carbon monoxide; nitrogen dioxide; and sulfur dioxide.

### *Air Quality Permit to Construct*

Title 2, Subtitle 4 of the Environment Article authorizes MDE to adopt regulations that require a person to obtain a permit or registration before the construction, modification, operation, or use of a source that may cause or control emissions into the air. MDE regulations define the types of sources that are subject to the permit requirements. Title 2, Subtitle 4 includes a requirement applicable to specified permits to construct a new source or significantly modify (or replace components of) an existing permitted source that documentation be submitted to MDE that demonstrates compliance with all applicable local zoning and land use requirements.

### *Noise Control – Regulations and Enforcement*

Under Title 3 of the Environment Article, except as otherwise provided by law, MDE must adopt environmental noise standards, sound level limits, and noise control rules and regulations as necessary to protect the public health, general welfare, and property. In adopting these regulations, MDE, or a political subdivision that chooses to adopt environmental noise standards, must consider specified factors. MDE regulations establish environmental noise standards and exemptions, and provisions governing the measurement of noise levels. Any person who willfully violates the regulations is subject to a civil penalty of up to \$10,000. Each day a violation occurs is a separate violation.

Chapter 360 of 2012 repealed a requirement under Title 3 that MDE enforce the sound level limits and noise control rules and regulations adopted under the title and authorized local governments to (1) adopt environmental noise standards, sound level limits, and noise control rules and regulations and (2) enforce sound level limits and noise control rules and regulations adopted under the title. MDE indicates that Chapter 360 [effectively transferred](#) noise enforcement authority to local governments.

### *Land Use – Generally*

The regulation of land use in the State, through planning and zoning, is implemented by local governments, subject to applicable State law. Planning and zoning authority is delegated by the State to local governments primarily under the Land Use Article and, for certain counties, the Express Powers Act (Title 10 of the Local Government Article).

Both the Land Use Article and Express Powers Act contain the State’s policy statement that (1) the orderly development and use of land and structures requires comprehensive regulation through implementation of planning and zoning controls and (2) planning and zoning controls must be implemented by local government. State law includes various provisions authorizing local governments to regulate the location, size, and use of structures through zoning regulations.

Most of Division I of the Land Use Article (to which the bill’s land use provisions are added) applies only to commission counties and municipalities. Sections 1-401(a), 1-402(b), and 10-103(a) of the Land Use Article (relating to charter counties, code counties, and Baltimore City, respectively) establish that only certain provisions of Division I – those listed in §§ 1-401(b) and 10-103(b) – apply to charter counties, code counties that choose to exercise the powers related to land use in the Express Powers Act, and Baltimore City. (The bill’s provisions are added to § 1-401(b), but not § 10-103(b).)

**State Expenditures:** Special fund (SEIF) expenditures increase by at least \$239,894 in fiscal 2027, which accounts for the bill’s October 1, 2026, effective date. This minimum estimate reflects the cost of hiring two environmental compliance specialists within MDE’s Air and Radiation Administration to monitor compliance with and enforce the regulations established by MDE under the bill. It includes salaries, fringe benefits, one-time start-up costs (including training, the purchase of vehicles, and the purchase of equipment necessary for the environmental compliance specialists to enforce the sound level and vibration standards under the regulations), and ongoing operating expenses. The information and assumptions used in calculating the estimate are stated below:

- MDE takes primary responsibility for enforcing the regulations, despite the fact that (1) the regulations include sound level limits, which are regulated by local governments under current law, and (2) both MDE and local health departments are

authorized by the bill to issue an emergency stop work order under specified circumstances. The bill’s provisions are established under the Environment Article, and, pursuant to § 1-301 of the Environment Article, the Secretary of the Environment (through MDE staff) must carry out and enforce the provisions of the article and regulations adopted under it. In addition, based on indications from MDE and the Maryland Association of County Health Officers, enforcing the requirements requires knowledge and equipment that neither MDE nor local health departments fully possess currently, making a centralized approach to enforcement, through the two MDE environmental compliance specialists, with necessary equipment and training, likely the most efficient approach.

- Certain additional resources (in addition to those included in this minimum estimate) identified by MDE may be necessary to implement the bill – specifically, a third environmental compliance specialist and \$200,000 for contractual services to develop the sound level and vibration standards under the regulations. DLS, however, advises that MDE’s estimated need for three environmental compliance specialists appears to be based on a need for broader geographic coverage of the State by the environmental compliance specialists than may be necessary, and while MDE does not currently regulate sound levels or vibrations, a certain amount of guidance regarding the sound level and vibration standards is provided in the bill itself; it is not clear that the standards could not be established at a lower cost (lower than \$200,000 in contractual services) or potentially with existing resources and existing available information.
- The increase in MDE expenditures is supported by funding from SEIF, pursuant to authority under § 9-20B-05(f)(13) of the State Government Article, for MEA (which administers SEIF) to use SEIF to pay costs associated with the Air and Radiation Administration within MDE. The net impact of the bill on special fund expenditures may be less than the amount identified in this estimate if MEA reduces other existing or planned SEIF spending to fund the expenditures under the bill.

Positions	2.0
Salaries and Fringe Benefits	\$129,967
Vehicle Purchases	80,000
Equipment and Training Costs	11,000
Other Operating Expenses	<u>18,927</u>
<b>Minimum FY 2027 State Expenditures</b>	<b>\$239,894</b>

Future year expenditures – which also reflect minimum costs – reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

**State Revenues:** General fund revenues may increase to the extent civil penalties are imposed under the bill. This analysis assumes actions to collect civil penalties are brought in the District Court and revenues are deposited into the general fund.

**Local Fiscal Effect:** This analysis assumes (1) local government finances are not materially affected; (2) any assistance provided by local health departments to MDE in their enforcements efforts is handled with existing resources; and (3) local approving authorities can implement the bill's land use provisions with existing resources.

**Small Business Effect:** To the extent any small businesses are owners or operators of data centers, or otherwise involved in the construction or operation of data centers, they may be meaningfully affected by the requirements and limitations imposed on data centers under the bill, if the requirements and limitations result in costs that are not otherwise incurred in the absence of the bill or potentially affect whether or not a given data center is constructed and operated in the State.

---

### **Additional Information**

**Recent Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** None.

**Information Source(s):** Maryland Association of County Health Officers; Anne Arundel, Baltimore, Cecil, Frederick, Montgomery, and Somerset counties; Maryland-National Capital Park and Planning Commission; Comptroller's Office; Judiciary (Administrative Office of the Courts); Maryland Department of Agriculture; Maryland Department of the Environment; Department of Natural Resources; Maryland Energy Administration; Department of Commerce; Office of People's Counsel; Public Service Commission; Department of Legislative Services

**Fiscal Note History:** First Reader - March 9, 2026  
jg/sdk

---

Analysis by: Joanne E. Tetlow

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510