




## MEMORANDUM

**DATE:** March 31, 2026  
**TO:** Ty'lor Schnella, Deputy Director, MOGR  
**FROM:** Otis Rolley, President & CEO, BDC   
**CC:** Calvin Young, Deputy Mayor  
Nina Themelis, Director, MOGR  
Julius V. Maina, SVP & Chief Strategy Officer  
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**SUBJECT:** ***BDC Position Memo: Council Bill dlr25-0482(4) — Data Centers – Moratorium***

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### Executive Summary

This memorandum sets forth the Baltimore Development Corporation's position on Council Bill dlr25-0482(4), introduced by Council President Zeke Cohen on March 23, 2026, which would establish a one-year citywide moratorium on data centers as a prohibited use under Article 32 of the Baltimore City Zoning Code. The bill defines "data center" as any facility capable of using 10 megawatts (MW) or more of electricity for remote storage, processing, and distribution of data, and would add data centers to the list of uses prohibited citywide alongside crude oil terminals, nuclear power plants, and vehicle dismantling facilities.

**BDC supports the policy intent of the moratorium** — protecting ratepayers, safeguarding environmental justice communities, and ensuring that any future data center development is accompanied by enforceable community benefit requirements and fair-share infrastructure cost allocation. However, **BDC recommends four targeted amendments** to strengthen the bill's effectiveness and mitigate unintended economic development consequences that could undermine Baltimore's competitive position.

### Legislative and Market Context

Council Bill dlr25-0482(4) arrives at the intersection of legitimate ratepayer anxiety, regional regulatory momentum, and an unprecedented global capital deployment cycle in data center infrastructure. Understanding all three dynamics is essential to formulating a position that protects Baltimore's residents without inadvertently damaging Baltimore's economic development prospects.

## 1. Ratepayer Burden and Grid Stress

Baltimore residents are experiencing acute energy cost pressures. BGE's infrastructure buildout for the Baltimore Peninsula has ballooned from approximately \$109 million to over \$537 million, with the Maryland Office of People's Counsel warning that ratepayers could bear billions in long-term costs. Council President Cohen has accurately described residents "choosing between paying for gas and electricity or their rent or mortgage." A hyperscale data center drawing 10 MW or more would add substantial load to a grid that is already strained.

## 2. Regional Regulatory Alignment

Baltimore County unanimously approved a data center permitting pause through the end of 2026. Prince George's County imposed a six-month moratorium while a task force examined community impacts. Frederick and Carroll Counties have pursued similar measures. At the state level, Senate President Ferguson, Governor Moore, and House Speaker Peña-Melnyk have introduced energy legislation addressing data center oversight, and pending bills would tighten siting rules, require data centers to "bring their own generation," and prohibit data center development in Tax Increment Financing (TIF) districts. A Baltimore City moratorium aligns with this regional posture.

## 3. Global Capital Deployment Cycle

The United States has over 4,000 data centers as of March 2026. More than 550 new data center projects were announced in 2025 alone, and the sector is forecast to nearly double in capacity by 2030. This is not an industry that will bypass Baltimore permanently because of a one-year pause — ***but the signal the City sends during that pause matters.*** Jurisdictions that emerge from moratorium periods with clear, predictable regulatory frameworks will be far better positioned than those that simply revert to unregulated status.

## BDC Economic Impact Analysis

BDC has assessed the bill through the lens of the City's Comprehensive Economic Development Strategy (CEDS) and BDC's mandate to drive inclusive economic growth. Our analysis identifies both compelling reasons to support the moratorium and significant structural weaknesses in the bill as drafted.

### Arguments Supporting the Moratorium

#### A. Minimal Permanent Employment Impact

Data centers are among the most capital-intensive and least labor-intensive land uses in commercial development. National data consistently shows that hyperscale data centers generate only 50–200 permanent jobs per facility, with the substantial majority of employment occurring during a transient construction phase. For a city with Baltimore's workforce development needs and persistent structural unemployment, this represents a poor return relative to virtually any alternative commercial or industrial use of large parcels.

## **B. Questionable Tax Revenue Net Benefit**

The data center industry's economic development pitch centers on capital investment and property tax generation. However, national evidence increasingly shows that the net fiscal impact is ambiguous at best. In Pennsylvania, data centers contributed approximately \$340 million less in tax revenue than they extracted from ratepayers through higher electricity bills. In Virginia — the nation's largest data center market — every dollar the state did not collect in sales tax incentives yielded only 48 cents in new state revenue. Baltimore must not replicate these outcomes.

## **C. Environmental Justice Imperative**

Baltimore is among the most environmentally burdened cities in the United States. The legacy of redlining, racial housing covenants, and systematic disinvestment has produced majority-Black neighborhoods with substantially worse air quality, higher asthma rates, less tree canopy, and greater pollution exposure than white neighborhoods. Siting energy-intensive facilities without rigorous environmental and health impact assessment in this context is inconsistent with the Mayor's equity commitments and the CEDS's emphasis on historically underserved communities.

## **D. Ratepayer Protection**

The Baltimore Peninsula transmission project — which escalated from roughly \$100 million to nearly \$500 million before BGE's pause — illustrates the risk of infrastructure cost pass-through to residential and small business ratepayers. Without binding cost-allocation frameworks requiring data centers to bear their fair share of grid upgrades, the affordability crisis facing Baltimore's residents will intensify. The moratorium creates space to develop these frameworks.

## **Structural Weaknesses in the Bill as Drafted**

### **E. Signal Risk to Capital Markets**

The bill places data centers in the same prohibited-use category as crude oil terminals, nuclear power plants, and scrap yards. Even with a one-year sunset, this classification sends an outsized negative signal to technology investors, developers, and corporate site selectors. Zoning code language persists in market intelligence databases and site selection reports. The reputational damage from a blanket prohibition — however temporary — could outlast the moratorium itself and bleed into broader perceptions of Baltimore's business climate at a moment when BDC is actively working to reposition the City as an investment destination.

### **F. Blunt 10 MW Threshold**

The bill's definition captures every facility at 10 MW or above, making no distinction between a hyperscale 100+ MW facility (which drives the energy and infrastructure concerns) and a

more modest enterprise data center that might anchor a technology campus, support Johns Hopkins's research infrastructure, serve Baltimore's growing cybersecurity sector, or function as part of a mixed-use innovation district. Baltimore's competitive position in life sciences, health IT, cybersecurity, and AI research depends in part on locally available compute infrastructure. The bill as drafted forecloses all of these use cases.

### **G. No Mandated Study or Deliverables**

Unlike Baltimore County's moratorium — which directs the Planning Board to study environmental and economic impacts, hold a public hearing, and deliver formal recommendations to the County Council — this bill creates no study mandate, no deliverables, no analytical framework, and no accountability mechanism. Section 4 simply starts a one-year clock. The Council states it "expects to evaluate" data centers during the moratorium, but the legislation contains no mechanism to ensure that evaluation occurs. The worst outcome would be a clean one-year ban followed by a reversion to zero regulation — which is precisely what this bill produces if the Council does not act during the moratorium period.

### **H. Research and Development Exclusion Overreach**

Section 3 of the bill amends the definition of "Research and development facility" to explicitly exclude data centers. While intended to close a potential loophole, this exclusion could inadvertently impede legitimate research computing facilities associated with universities, hospitals, and life sciences companies — institutions that are foundational to Baltimore's innovation economy and that operate computing facilities as integral components of their research missions, not as commercial data center operations.

## **BDC Recommended Amendments**

BDC recommends that the Administration work with Council President Cohen and the bill's sponsors to incorporate four targeted amendments that would preserve the moratorium's protective intent while addressing its structural deficiencies:

### **1. Mandate a Formal Study with Defined Deliverables**

Amend the bill to require a formal study — jointly conducted by BDC, the Department of Planning, and the Department of Health — to be completed and transmitted to the Council no later than nine months after enactment. The study should assess: (a) the economic impact of data center development on Baltimore's workforce, tax base, and business climate; (b) energy demand and ratepayer cost implications; (c) environmental and public health impacts with particular attention to environmental justice communities; (d) water consumption and infrastructure capacity; and (e) a comparative regulatory framework analysis drawing on Baltimore County, Prince George's County, and state-level approaches. BDC is prepared to co-lead this analysis. This mirrors the approach Baltimore County adopted and ensures the moratorium produces actionable policy output.

### **2. Raise or Tier the MW Threshold**

Amend the data center definition to either raise the threshold to 25 MW or 50 MW — capturing hyperscale facilities while permitting smaller enterprise-grade facilities — or establish a tiered framework that distinguishes between facilities drawing from the shared grid versus those that “bring their own generation.” This preserves the moratorium’s core protective function while allowing Baltimore to continue competing for technology investment that supports the innovation economy.

### **3. Develop a Conditional Use Framework for Post-Moratorium Regulation**

Direct that the study include a draft conditional use or special exception framework — to be introduced as companion legislation before the moratorium expires — that would allow data center development only upon satisfaction of enforceable community benefit standards. These standards should include: local hiring and workforce development commitments; affordable housing contributions or in-lieu payments; binding energy cost mitigation agreements; environmental performance requirements; and a fair-share infrastructure cost allocation mechanism. This ensures Baltimore emerges from the moratorium with guardrails rather than reverting to an unregulated posture.

### **4. Narrow the Research and Development Exclusion**

Amend the R&D facility exclusion in Section 3 to apply only to “commercial data center operations” rather than to all data centers, preserving the ability of universities, hospitals, and research institutions to operate computing facilities that are accessory to and integrated with their primary research missions. A facility operated by a tax-exempt educational or healthcare institution as part of its core institutional mission should not be captured by a moratorium designed to address commercial hyperscale development.

## **BDC Position**

The Baltimore Development Corporation supports Council Bill dlr25-0482(4) in concept and recommends that the Administration engage Council President Cohen to incorporate the four amendments described above.

Baltimore’s residents deserve protection from the cost pass-through and environmental consequences of unregulated hyperscale data center development. At the same time, Baltimore’s economic development strategy depends on the City’s ability to attract technology investment, support its innovation institutions, and signal to the capital markets that it is a jurisdiction where responsible development is welcomed and regulated — not prohibited. The moratorium is the right instinct. The bill, as drafted, is an incomplete instrument. With targeted amendments, it can become a model for how cities balance community protection with economic competitiveness.

BDC is prepared to brief the Mayor’s Office of Government Relations and to participate in any Council hearing process on this legislation. We are also prepared to co-lead the formal study we are recommending, drawing on BDC’s analytical capacity, our relationships with the development and investment community, and our mandate under the CEDS to ensure that Baltimore’s economic development agenda is grounded in evidence and equity.

## Recommended Next Steps

1. Transmit BDC's position to the Mayor's Office and request alignment on the Administration's posture before the Council's informational hearing.
  2. Schedule a meeting with Council President Cohen to discuss the four recommended amendments and BDC's offer to co-lead the mandated study.
  3. Coordinate with Senate President Ferguson's office and the Governor's legislative team to ensure alignment between the City's moratorium framework and pending state legislation on data center oversight, TIF district restrictions, and transmission project regulation.
  4. Direct BDC staff to prepare a preliminary scope of work for the formal economic and environmental impact study, to be ready for presentation upon the bill's enactment.
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