

M E M O R A N D U M

July 20, 2026

TO: Economic Development (ECON) Committee

FROM: Livhu Ndou, Senior Legislative Attorney

SUBJECT: Expedited Bill 24-26, Buildings – Building Permits – Data Center Moratorium

PURPOSE: Worksession

EXPECTED ATTENDEES

- Rabbiah Sabbakhan, Director, Department of Permitting Services (DPS)
- Ehsan Motazed, Deputy Director, Department of Permitting Services (DPS)

BACKGROUND

Expedited Bill 24-26, Buildings – Building Permits – Data Center Moratorium, Lead Sponsor Councilmember Jawando and Co-Sponsor Councilmember Mink, was introduced on May 12, 2026. The bill would define data centers and establish a 2-year moratorium on the issuance of building permits for a data center.

PUBLIC HEARING

A public hearing was held on June 16, 2026. The Council also received extensive written testimony.¹ The majority of testimony was in support of a moratorium.

Testimony emphasized the environmental and public health risks posed by large-scale data centers, citing the potential to draw up millions of gallons of water per day from the Potomac River at a time when the region is experiencing drought conditions. Multiple speakers noted that the Potomac supplies approximately 75% of drinking water for the DC metro region. Supporters raised concerns about energy consumption and climate impacts, arguing that data centers could draw 300 megawatts or more of electricity, require construction of new gas-fired power plants, raise residential utility bills, and add carbon emissions equivalent to roughly 200,000 additional cars, which directly undermines the County's 2035 zero-emissions goal. Supporters emphasized that current battery technology cannot provide round-the-clock clean energy matching, making genuine 100% clean energy commitments technically difficult to verify.

¹ Written testimony can be found here: <https://www.montgomerycountymd.gov/expedited-bill-24-26-buildings-building-permits-data-center-moratorium>.

Testimony also highlighted concerns about noise and health impacts, with speakers noting that data centers emit continuous noise and that existing county ordinances are inadequate for round-the-clock industrial operations. Additional concerns were raised about air pollution from diesel backup generators, electromagnetic fields from new substations, and health risks to nearby communities. Speakers were more supportive of Expedited Bill 24-26 than Expedited Bill 19-26 as many argued that 6 months is not enough time to develop the regulatory framework needed and evaluate where in the county data centers would be compatible with existing master plans and sector plans.² Many speakers urged the Council to merge Expedited Bills 19-26 and 24-26 into a single two-year moratorium with specific deliverables, a diverse working group, and clear milestones. Environmental justice concerns were also raised, with testimony noting that data centers are disproportionately sited near low-income and historically marginalized communities, and that many of the County's industrial zones are adjacent to historically Black enclaves.

A smaller but organized group testified in opposition to Bill 24-26, arguing that a regulatory framework, not a pause, is the appropriate response to concerns about data center development.

SUMMARY OF IMPACT STATEMENTS

Climate Assessment / Economic Impact Statement / Racial Equity & Social Justice (RESJ) Impact Statement

The Office of Legislative Oversight (OLO) did not discuss any potential impacts of Expedited Bill 24-26 as they are currently developing a report on data centers at the request of the County Council.

Fiscal Impact Statement

The Office of Management and Budget (OMB) concluded that Bill 24-26 “will not affect County revenues or expenditures, as it primarily clarifies the definition of data centers and establishes a two-year moratorium on the issuance of building permits for data centers.”

DISCUSSION

Background

Expedited Bill 24-26, Buildings – Building Permits – Data Center Moratorium, as introduced, would define data centers as “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,” consistent with the [State law definition](#) in the Tax article. The bill will prohibit the Department of Permitting Services (DPS) from issuing a building permit for a data center. This prohibition will sunset 2 years after the effective date of the bill, therefore establishing a 2-year moratorium. Since the bill is expedited, it will become effective on the date on which it becomes law. Transition language in the bill clarifies that the prohibition on the issuance of building permits will apply to any building permit application that has not yet been approved as of that effective date.

² Expedited Bill 19-26 would establish a 6-month moratorium on permits for a data center issued by DPS. More information about Expedited Bill 19-26 can be found on the Council website: <https://apps.montgomerycountymd.gov/ccllms/BillDetailsPage?RecordId=2907>.

Relevant Legislation

There are State and federal actions relevant to the development of data centers. These include:

- [House Bill 1532](#), *Utility RELIEF (Reducing Energy Load Inflation for Everyday Families) Act* – The purpose of this bill was to lower utility bills across the State. Regarding data centers, the bill would “expand the range of data centers that will fall under a new electricity rate structure and requires that utilities pass certain costs created by data center infrastructure and energy use exclusively to data centers to protect other ratepayers. It also creates a mandatory data center registry which may be valuable to State and local planning efforts and creates a voluntary program allowing data centers that bring their own clean energy capacity access to expedited development processes.”³
- [Clean Air Act](#) – The Maryland Department of the Environment (MDE) issues permits under the federal Clean Air Act to limit pollutants like nitrogen oxides. These permits strictly control how long and at what capacity generators can run. These permits are public documents and require a local community meeting and comment period before approval.⁴
- [Clean Water Act](#) – Data centers must obtain a state permit that “sets clear withdrawal limits to protect the local environment” under the federal Clean Water Act. But data centers may also use water from a local utility, such as a County system, which operate under their own existing state-regulated permit.⁵

Neighboring Jurisdictions

Other jurisdictions have taken action on data centers, and efforts across the region are ongoing. Below is a chart summarizing some of those efforts:

Frederick County, MD <u>https://frederickcountymd.gov/9310/Data-Centers</u>	- June 2023 – Created a workgroup to study existing laws and other issues related to data centers - December 2005 – Passed zoning legislation allowing data centers, with certain requirements regarding siting and other use standards - July 2026 – Issued an Executive Order pausing all data center applications until December 31, 2026
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³ This summary was provided by the Montgomery County Office of Intergovernmental Relations.

^{4,5} Additional information on the applicability of the Clean Air Act and the Clean Water Act can be found on the Maryland Department of the Environment (MDE) website, here: <https://mde.maryland.gov/datacenters/Pages/index.aspx>.

Harford County, MD https://www.harfordcountymd.gov/m/newsflash/Home/Detail/1700	- June 2026 – Passed legislation banning data centers
Prince George’s County, MD https://pgccouncil.us/1051/Qualified-Data-Center-Task-Force	- February 2025 – established a task force to study the potential risks, community benefits, and revenue potential of data centers - June 2026 – Passed legislation issuing a 2-year moratorium on data centers
Loudoun County, VA https://www.loudoun.gov/6188/Data-Centers-in-Loudoun-County	- March 2025 – Amended zoning ordinance and master plan to eliminate “by-right” approval of data centers, making them a conditional use and adding additional design standards, such as increased setbacks
New York State https://www.governor.ny.gov/sites/default/files/2026-07/EO_62.pdf	- July 2026 – Issued Executive Order establishing a 1-year moratorium on data centers, which includes requests for reports on environmental impacts, feedback on community investment, the formation of a workgroup on interconnection, and a water withdrawal report

Future Reports

In addition, the Council is expected to receive a report from the Office of Legislative Oversight (OLO) this fall that will help the Council “better understand the potential impacts of building data centers in the County.”⁶ This report is expected to address how data centers could impact:

- the local economy and job market;
- local energy demands;
- rates and taxes paid by residents;
- agriculture;
- the climate and environment, including effects on air, water, and woodlands;
- racial equity and social justice; and
- quality of life factors in areas adjacent to data centers, including viewsapes, open and green spaces, access to transportation, and access to recreation.

⁶ The project description for this OLO report can be found here, under Project #37: https://montgomerycountymd.granicus.com/MetaViewer.php?view_id=169&event_id=16717&meta_id=211144.

Lastly, the State is expected to release a report on data centers by September 1, 2026. Specifically, [House Bill 0270](#) requires the Maryland Department of the Environment (MDE), Maryland Energy Administration (MEA), and University of Maryland School of Business, in coordination with the Department of Legislative Services (DLS), to conduct an analysis of the likely environmental, energy, and economic impacts of data center development in the State.

Potential Future Amendments

Council Staff notes that in a letter from the lead sponsors of ZTA 26-01, Commercial Uses – Data Center, the Council will be holding worksessions on Expedited Bill 24-26, Expedited Bill 19-26, and ZTA 26-01 on Wednesday, July 22, 2026.⁷ The goal of these worksessions, as noted in the letter, is to “benefit from additional space and time to develop comprehensive safeguards on hyperscale data center siting” because “some measure of regulatory certainty is necessary now so all stakeholders can clearly understand the rules of the road as we work out the comprehensive approach.” Council Staff recommends that if Bill 24-26 and ZTA 26-01 move to full Council, an amendment should be considered to mirror the definitions of data center.⁸

This packet contains:

Expedited Bill 24-26, as introduced	© 1
Climate Assessment	© 3
Racial Equity & Social Justice Impact Statement	© 5
Fiscal Impact Statement	© 7
Economic Impact Statement	© 8
Letter from Lead Sponsors of ZTA 26-01	© 10

⁷ ZTA 26-01, Commercial Uses – Data Center, would define Data Center as a new use and provide standards for that use. More information about that ZTA can be found on the Council website, here: https://montgomerycountymd.granicus.com/MetaViewer.php?view_id=&event_id=16734&meta_id=212320.

⁸ The staff report for the Planning, Housing, and Parks (PHP) Committee worksession on ZTA 26-01 can be found here: https://montgomerycountymd.granicus.com/GeneratedAgendaViewer.php?view_id=169&event_id=16887.

Expedited Bill No. 24-26
Concerning: Buildings – Building Permits
 – Data Center Moratorium
Revised: 5/12/2026 Draft No. 2
Introduced: May 12, 2026
Expires: December 7, 2026
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: _____
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: Councilmember Jawando
Co-Sponsor: Councilmember Mink

AN EXPEDITED ACT to:

- (1) define data centers;
- (2) establish a temporary moratorium on the issuance of building permits for a data center;
and
- (3) generally amend the law regarding data centers.

By adding
Montgomery County Code
Chapter 8, Buildings
Section 8-25C

Boldface	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

The County Council for Montgomery County, Maryland approves the following Act:

Sec. 1. Section 8-25C is added as follows:

8-25B. Data center – moratorium.

(a) Definitions. In this Section, the following term(s) have the meanings indicated:

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.

(b) Moratorium established. The Department must not issue a building
permit for a data center.

* * *

Sec. 2. Expedited Effective Date. The Council declares that this legislation is necessary for the immediate protection of the public interest. This Act takes effect on the date on which it becomes law. This Act applies to any building permit application that has not been approved by the effective date of this Act.

Sec. 3. Sunset. This Act must expire 2 years after its effective date, with no
further force or effect of law.

Climate Assessment

Office of Legislative Oversight

EXPEDITED BILL 24-26: BUILDINGS – BUILDING PERMITS – DATA CENTER MORATORIUM

SUMMARY

The County Council has asked the Office of Legislative Oversight (OLO) to write a report on data centers. OLO's report will include a more detailed analysis of the potential impacts of new data centers in the County. As such, OLO will not offer an analysis of the anticipated impacts of Expedited Bill 24-26.

BACKGROUND AND PURPOSE OF EXPEDITED BILL 24-26

Data centers are physical facilities that house and run large computer systems. They provide infrastructure for information technology services like storing, managing, processing, and transmitting large amounts of data.¹

Expedited Bill 24-26 would establish a two-year moratorium for the County's Department of Permitting Services (DPS) to issue a building permit for any data center facility.

Expedited Bill 24-26 was introduced by the County Council on May 12, 2026.²

ANTICIPATED IMPACTS

The County Council has asked the Office of Legislative Oversight (OLO) to write a report on data centers. OLO's report will include a more detailed analysis of the potential impacts of new data centers in the County. As such, OLO will not offer an analysis of the anticipated impacts of Expedited Bill 24-26.

RECOMMENDED AMENDMENTS

The Climate Assessment Act requires OLO to offer recommendations, such as amendments or other measures to mitigate any anticipated negative climate impacts.³ As there is no analysis on the anticipated impacts of the Bill, OLO does not offer recommendations or amendments on the County's contribution to addressing climate change, including the reduction and/or sequestration of greenhouse gas emissions and community climate resilience.

CAVEATS

OLO notes two caveats to this climate assessment. First, predicting the impacts of legislation upon climate change is a challenging analytical endeavor due to data limitations, uncertainty, and the broad, global nature of climate change. Second, the analysis performed here is intended to inform the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

PURPOSE OF CLIMATE ASSESSMENTS

The purpose of the Climate Assessments is to evaluate the anticipated impact of legislation on the County's contribution to addressing climate change. These climate assessments will provide the Council with a more thorough understanding of the potential climate impacts and implications of proposed legislation, at the County level. The scope of the Climate Assessments is limited to the County's contribution to addressing climate change, specifically upon the County's contribution to greenhouse gas emissions and how actions suggested by legislation could help increase the County's community climate resilience.

While co-benefits such as health and cost savings may be discussed, the focus is on how proposed County bills may impact GHG emissions and community resilience.

CONTRIBUTIONS

OLO staffer Kaitlyn Simmons drafted this assessment.

¹ [Library of Congress, "Data Centers and their Energy Consumption: Frequently Asked Questions", January 23, 2026.](#)

² [Montgomery County Government, Introduction Staff Report 24-26E, Introduced May 12, 2026.](#)

³ Bill 3-22, Legislative Branch – Climate Assessments – Required, Montgomery County Council, Effective date October 24, 2022

Racial Equity and Social Justice (RESJ) Impact Statement

Office of Legislative Oversight

EXPEDITED BILL 24-26: BUILDINGS - BUILDING PERMITS - DATA CENTER MORATORIUM

SUMMARY

The County Council has asked the Office of Legislative Oversight (OLO) to write a report on data centers. OLO's report will include a more detailed analysis of the potential impacts of new data centers in the County. As such, OLO is not able to discuss any potential impacts of Expedited Bill 24-26 at this time.

PURPOSE OF RESJ IMPACT STATEMENTS

RESJ impact statements (RESJIS) evaluate the anticipated impact of legislation on racial equity and social justice in the County. RESJ is a **process** that focuses on centering the needs, leadership, and power of Black, Indigenous, and other People of Color (BIPOC) and communities with low incomes. RESJ is also a **goal** of eliminating racial and social inequities. Applying a RESJ lens is essential to achieve RESJ.¹ This involves seeing, thinking, and working differently to address the racial and social inequities that cause racial and social disparities.²

PURPOSE OF EXPEDITED BILL 24-26

Data centers are physical facilities that house and run large computer systems. They provide infrastructure for information technology services like storing, managing, processing, and transmitting large amounts of data.³

Expedited Bill 24-26 would establish a two-year moratorium for the County's Department of Permitting Services (DPS) to issue a building permit for any data center facility.⁴

The Council introduced Expedited Bill 24-26 on May 12, 2026.

ANTICIPATED RESJ IMPACTS

The County Council has asked OLO to write a report on data centers. OLO's report will include a more detailed analysis of the potential impacts of new data centers in the County. As such, OLO is not able to discuss any potential impacts of Expedited Bill 24-26 at this time.

RECOMMENDED AMENDMENTS

The County's RESJ Act requires OLO to consider whether to recommend amendments to bills that could reduce racial and social inequities and advance RESJ.⁵ OLO did not assess the anticipated RESJ impact of Expedited Bill 24-26. As such, OLO does not offer recommended amendments.

RESJ Impact Statement

Expedited Bill 24-26

CAVEATS

Two caveats to this RESJIS should be noted. First, predicting the impact of bills on RESJ is challenging due to data limitations, uncertainty, and other factors. Second, this RESJIS is intended to inform the Council's decision-making process rather than determine it. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

¹ Definition of racial equity and social justice adopted from M. Gamblin et al., [“Applying Racial Equity to U.S. Federal Nutrition Programs,”](#) Bread for the World and [Racial Equity Tools](#).

² Ibid.

³ [“Data Centers and Their Energy Consumption: Frequently Asked Questions,”](#) Library of Congress, May 12, 2026.

⁴ [Introduction Staff Report for Expedited Bill 24-26](#), Montgomery County Council, Introduced May 12, 2026.

⁵ [Bill 27-19, Administration – Human Rights – Office of Racial Equity and Social Justice – Racial Equity and Social Justice Advisory Committee – Established](#), Montgomery County Council.



Fiscal Impact Statement

Office of Management and Budget

Bill 24-26E

Buildings - Building Permits - Data Center Moratorium

Bill Summary

Expedited Bill 24-26, Buildings - Building Permits - Data Center Moratorium establishes a statutory definition of "data center" as "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," aligning with the State's definition. It also enacts a two-year moratorium prohibiting the Department of Permitting Services from issuing any new building permits for data centers.

Fiscal Impact Summary

The proposed regulation will not affect County revenues or expenditures, as it primarily clarifies the definition of data centers and establishes a two-year moratorium on the issuance of building permits for data centers.

Fiscal Year	0	0	0	0	0	0	Total
Personnel Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Impact	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00	

Fiscal Impact Analysis

The bill is not expected to impact County revenues or increase County expenditures.

Staff Impact

The bill is not expected to impact staff time or duties.

Actuarial Analysis

The bill is not expected to impact retiree pension or group insurance costs.

Information Technology Impact

The bill is not expected to impact the County Information Technology (IT) or Enterprise Resource Planning (ERP) systems.

Other Information

Later actions that may impact revenue or expenditures if future spending is projected

The bill does not authorize future spending.

Contributors

Ehsan Motazedi, Deputy Director, Department of Permitting Services
Anita Aryeetey, Lead Fiscal and Policy Analyst, Office of Management and Budget



Economic Impact Statement

Montgomery County, Maryland

Expedited Bill 24-26, Buildings – Building Permits – Data Center Moratorium

Summary

The County Council has asked the Office of Legislative Oversight (OLO) to write a report on data centers. OLO's report will include a more detailed analysis of the potential impacts of new data centers in the County. As such, OLO is not able to discuss any potential impacts of Expedited Bill 24-26 at this time.

Background and Purpose of Expedited Bill 24-26

Data centers are physical facilities that house and run large computer systems. They provide infrastructure for information technology services like storing, managing, processing, and transmitting large amounts of data.¹

Expedited Bill 24-26 would establish a two-year moratorium for the County's Department of Permitting Services (DPS) to issue a building permit for any data center facility.

Expedited Bill 24-26 was introduced by the County Council on May 12, 2026.²

Information Sources, Methodologies, and Assumptions

As required by Section 2-81B of the Montgomery County Code, this Economic Impact Statement evaluates the impacts of Bill 24-26 on residents and private organizations, using the Council's priority economic indicators as the measure. In doing so, it examines whether the Bill would have a net positive or negative impact on overall economic conditions in the County.³

Because the Council has asked OLO to write a report on data centers, OLO is not able to discuss any potential impacts of Expedited Bill 24-26 at this time.

Variables

Not applicable

Impacts

WORKFORCE ▪ TAXATION POLICY ▪ PROPERTY VALUES ▪ INCOMES ▪ OPERATING COSTS ▪ PRIVATE SECTOR CAPITAL INVESTMENT ▪ ECONOMIC DEVELOPMENT ▪ COMPETITIVENESS

Not applicable

¹ [Library of Congress, "Data Centers and their Energy Consumption: Frequently Asked Questions", January 23, 2026.](#)

² [Montgomery County Government, Introduction Staff Report 24-26E, Introduced May 12, 2026.](#)

³ Montgomery County Code, "[Sec. 2-81B, Economic Impact Statements.](#)"

Discussion Items

Not applicable

Caveats

Two caveats to the economic impact analysis conducted here should be noted. First, predicting the economic impacts of legislation is a challenging analytical endeavor due to data limitations, the multitude of causes of economic outcomes, economic shocks, uncertainty, and other factors. Second, the analysis performed here is intended to *inform* the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the Bill under consideration.

Contributions

Stephen Roblin, PhD (OLO) prepared this report.



MONTGOMERY COUNTY COUNCIL

ROCKVILLE, MARYLAND

July 15, 2026

To: County Council
From: Council President Fani-González, Council Vice President Balcombe, and
Councilmember Sayles
Re: Data Center Legislation

Following extensive discussion and public input, we have concluded that the County would benefit from additional space and time to develop comprehensive safeguards on hyperscale data center siting. While we appreciate the County Executive's recent executive order that imposes a six-month moratorium, we believe this moratorium also should also be enacted through Council legislation. We also strongly believe that some measure of regulatory certainty is necessary now so all stakeholders can clearly understand the rules of the road as we work out the comprehensive approach.

Accordingly, on July 22nd the ECON Committee will meet to discuss and make recommendations on the data center moratorium bills currently before the Council (Bills 19-26 and 24-26). If the committee gives favorable consideration to a bill, it will proceed to full Council on July 28 for a worksession and action.

Secondly, we have directed staff to develop an overriding amendment to ZTA 26-01 that accomplishes two simple goals. First, it would create and define a hyperscale data center use. Second, it would prohibit this use in every zone in the county. This ZTA would serve as a bridge between the current zoning ordinance and the future ZTA that will comprehensively address all the complex issues. The PHP Committee has scheduled a worksession on ZTA 26-01 for July 22nd, during which we plan to offer the amendment.

If you have any questions or wish to discuss further, please contact our offices and Christine Wellons from central staff.