

# PRINCE GEORGE'S COUNTY COUNCIL

## COMMITTEE REPORT

2024 Legislative Session

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<b>Reference No.:</b>	CB-052-2024
<b>Draft No.:</b>	2
<b>Committee:</b>	PLANNING, HOUSING AND ECONOMIC DEVELOPMENT
<b>Date:</b>	7/15/2024
<b>Action:</b>	FAVORABLE (A)

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**REPORT:** Committee Vote: Favorable, as amended, 3-0-2 (In favor: Vice Chair Ivey, Council Members Harrison and Hawkins, Abstain: Chair Dernoga and Council Member Olson)

The Planning, Housing and Economic Development (PHED) Committee convened on July 15, 2024, to consider CB-52-2024. The PHED Committee Director summarized the purpose of the legislation and informed the Committee of written comments received on referral. As presented on May 28, 2024, Draft-1 of the bill is for the purpose of exempting qualified data centers from filing preliminary plans of subdivision and establishing requirements for public notice and adequate public facilities.

The County Executive sponsored the proposed legislation. Ms. Angie Rodgers, Deputy Chief Administrative Officer for Economic Development from the County Executive's Office, explained that the County Executive is pleased to see the legislation under consideration by the County Council. In 2021, the County Council took some significant actions to pave the way for major qualified data center development. The intention was to institute a more expedited process for the development of qualified data centers, which has the potential to bring many tax dollars to the County without the significant impacts that we see from other projects. CB-52-2024 moves the County closer to having an expedited process for approving the development of qualified data centers while still allowing community involvement in the development review process. The bill will also require qualified data centers to have adequate public facilities. The County Executive's Office requested a favorable recommendation on the proposed legislation.

The Chief Zoning Hearing Examiner, Ms. Maurene McNeil, submitted comments that included technical amendments to the bill. The amendments are as follows:

On page 1, Line 15 should be amended to delete "27-3400" and insert "24-3400".

On page 2, line 5 should be amended to either strike the comma after "for a qualified data center" or strike the "is."

On page 2, line 11 should be amended to delete "approved" and insert "issued" as this is the terminology used in 24-4503(b)(3).

## CB-052-2024 (DR-2) Report

Ms. Lakisha Hull, the Planning Director, spoke and turned the discussion of the Planning Department comments over to Mr. Richard Hall, the Special Assistant to the Planning Director. Mr. Hall discussed their comments. The Planning Department recommended support of CB-52-2024 with technical amendments.

The comments and recommended amendments are as follows:

Under CB-52-2024, an application proposing the development of qualified data center uses will not be required to obtain approval for a major or minor preliminary plan of subdivision. Still, it will have to hold a pre-application neighborhood meeting before the application for a final subdivision plat and obtain approval for a certificate of adequacy.

These requirements ensure sufficient public notice of a proposed qualified data center operation and that such a qualified data center is subject to public facilities mitigation, including for traffic generation impacts. Staff supports the intent to streamline procedures for attracting qualified data center uses to Prince George's County, as such businesses generate significant tax revenue.

Staff also offers the following comments and clarifying language to strengthen CB-52-2024. Specifically, the phrase "used primarily for a qualified data center" may have unintended consequences that would lead to broader exemptions on sites where other uses accompany a qualified data center. In addition, the definition of "qualified data center" already includes colocated or hosting data centers where equipment, space, and bandwidth are available to lease to multiple customers and data centers owned and operated by the company it supports. Language in the proposed bill should be further clarified to more accurately reflect the subdivision process, resolve conflicting language, and remove duplicative language. Finally, staff notes that, although exempt from the requirement to obtain approval of a preliminary plan of subdivision, a qualified data center will still need to obtain approval of a final plat of minor subdivision pursuant to Section 24-3402(b)(2)(C) of the Subdivision Regulations.

As such, staff recommends that page 2, lines 5-12 be revised to read:

"(I) Any subdivision of land to be used for primarily the purpose of developing a qualified data center is subject to the following additional requirements:

(i) Notwithstanding Section 24-3303(b),(2) of these Regulations, an applicant for a final plat for the subdivision of land proposed to be used primarily for a qualified data center is required to conduct a pre-application neighborhood meeting shall be conducted in accordance with Section 24-3303, Pre-Application Neighborhood Meeting, and

(ii) Notwithstanding Section 24-4503(a), a certificate of adequacy has been approved in accordance with Section 24-4500, Public Facility Adequacy."

This bill will affect any property on which the development of a qualified data center use is proposed.

Committee Chair Dernoga asked what is the difference between the language proposed in CB-052-2024 (DR-1) and the Planning Board's recommended language.

## CB-052-2024 (DR-2) Report

Mr. Hall explained that the Planning Department is trying to avoid a situation where a qualified data center is part of an application with many other uses instead of an application where a qualified data center is the primary use.

Council Member Olson explained that he is conflicted about CB-052-2024; he has seen disagreements in other jurisdictions and the impact of qualified data centers on communities. He wants to make sure that we have the most public input. He stated that qualified data centers are needed. He is concerned about expediting this process over existing communities and requested that Mr. Hall and Ms. Rodgers address that concern. Mr. Hall explained that the bill does require community outreach. Council Member Olson said the bill requires community outreach and asked if there are any teeth to that requirement.

Ms. Rodgers explained that the teeth would occur at the Planning Department level. She explained that they are trying to create a record of community involvement in development and allow the Planning Director to consider the project but keep a 90-day process. She further explained that regulations in other sections of the Code influence what qualified data centers will look like. Ms. Rodgers also explained that this bill will not determine what qualified data centers will look like. Council Member Olson asked if a community meeting creates an official record. A record includes things that can be considered during the application review process. Ms. Hull explained that the community meeting is part of the application, which is part of the information that the public can access; it is part of the public record, and stated that the Planning Department is open to any suggestions. Council Member Olson noted that the community meeting is not part of the legal record.

Council Member Harrison explained that Council Member Olson has some excellent points. He also explained that there are plans to propose legislation for qualified data centers in the Fall for overlay zones and requested Council Member Olson's input on the bill. Council Member Harrison also explained that he had the opportunity to participate in a tour of a qualified data center with the Planning Department. Council Member Harrison explained that the data center looked like an office building, with no noise and no environmental challenges. He agreed that qualified data centers can only go in some places.

Ms. Hull explained that the public meeting requirement has already been codified in the Subdivision Regulations. They wanted to keep the existing process but were, again, open to additional suggestions from the PHED Committee members.

Ms. Rodgers added that the proposed legislation attempts to strike a balance. The County's processes do not make Prince George's County competitive for qualified data centers. Ms. Rodgers explained that Prince George's County has tried to compete with other jurisdictions to attract qualified data centers, and the County's timeline for getting the projects to market is, in some cases, more than one year or one and a half years longer than other jurisdictions.

Chair Dernoga wanted to know why it takes so long to approve qualified data centers in the County. Ms. Rodgers again explained that it is her understanding that the regulations that are in place would take nine months to one year to complete the entire process.

## CB-052-2024 (DR-2) Report

Ms. Sherri Conner, Subdivision Supervisor with the Planning Department, explained that Ms. Rodgers was correct. Even under CB-52-2024, the process is streamlined, but projects must still be reviewed for the adequacy of public facilities. Under the adequate public facilities review process, traffic studies, bicycle and pedestrian studies, and other adequacy studies are required. The Planning Department estimates the process will take approximately 60 days, which includes 30 days for referrals and 30 days to respond and see revisions before the Planning Director reviews the plat for approval.

Vice Chair Ivey explained that the legislation creating overlay zones mentioned by Council Member Harrison may help eliminate some of the processes because the qualified data centers would be located in places most appropriate for the use, and the public would be aware ahead of time. She also explained that the jobs at a qualified data center would allow County residents to make over \$100,000 with a high school diploma once trained.

Lastly, Vice Chair Ivey explained that the taxes brought to the County would be robust. For example, 40% of Loudon County's budget is from qualified data centers, and she believes the County's residents will be happier with the revenue the County receives.

Chair Dernoga mentioned that he is curious about the economic benefits of qualified data centers. He explained that he read an article in Bloomberg that stated qualified data center jobs do not generate the taxes that justify the tax breaks given by jurisdictions. Georgia and Virginia are scaling back on the tax breaks given to qualified data centers.

Council Member Harrison explained that qualified data centers generate 42% of the Loudon County tax base and that Loudon County has a property tax of 5.8 cents per \$100.00 assessed home value. If property taxes in Prince George's County are dropped to six cents per \$100.00 assessed value, that, in turn, shows up more equitable for affordable housing, and the money continues to be generated in that community. He explained that we are not discussing giving tax breaks as the Bloomberg article discussed. We are talking about creating economic vitality so the County is not so heavily reliant on 72% of residential property taxes to fund the County government.

Chair Dernoga mentioned that the County has given tax breaks to qualified data centers. Ms. Rodgers explained that the County was following what the state law authorized. She explained that qualified data centers have tax benefits but are net tax-positive for jurisdictions. Qualified data centers generate a few jobs, which can be positive because you do not get the traffic. Still, you do get a tax benefit that outweighs other projects.

Mr. Edward Gibbs testified in support of the bill on behalf of the PSEG Keys Energy Center, LLC, which is a site for a potential site for a qualified data center. The project would be approved subject to a detailed site plan approval. He wants a record that ensures the Keys project will not be negatively impacted because there is a significant power generation facility on the site. In the case of the Keys Energy Center, there would be two uses on one site.

Council Member Olson asked again if the bill should be held so that the legislation could be reviewed more comprehensively. Council Member Harrison encouraged Council Olson to tour some qualified data centers.

CB-052-2024 (DR-2) Report

On motion of Council Member Harrison, seconded by Vice Chair Ivey, the PHED voted 3-0-2 favorably on CB-052-2024 as amended.