

# SENATE BILL 651

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By: **Senator Edwards**

Introduced and read first time: February 6, 2009

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Garrett County - Code of Ordinances - Natural Gas**

3 FOR the purpose of altering the amount of a certain Garrett County tax; requiring the  
4 tax to be distributed in certain amounts to the county and certain  
5 municipalities; repealing certain provisions creating a Garrett County Natural  
6 Gas Fund; and generally relating to natural gas distribution and production in  
7 Garrett County.

8 BY repealing and reenacting, with amendments,  
9 The Public Local Laws of Garrett County  
10 Section 51.02(A)  
11 Article 12 – Public Local Laws of Maryland  
12 (2005 Edition and 2008 Supplement, as amended)

13 BY repealing  
14 The Public Local Laws of Garrett County  
15 Section 51.08  
16 Article 12 – Public Local Laws of Maryland  
17 (2005 Edition and 2008 Supplement, as amended)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
19 MARYLAND, That the Laws of Maryland read as follows:

20 **Article 12 – Garrett County**

21 51.02.

22 (A) There is levied a distribution and production tax on the business or  
23 occupation of collecting, distributing and producing natural gas or other gases taken  
24 from the earth in Garrett County, computed as follows:

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (1) A tax shall be paid on the gas produced and saved for commercial  
2 purposes within Garrett County, accounting from January 1, 1951, equivalent to [7%]  
3 **5.5%** of the wholesale market value thereof as and when produced, provided that the  
4 amount of the tax shall never be less than 11/150 of 1% per 1,000 cubic feet;

5 (2) In calculating the tax herein levied, the following shall be  
6 excluded:

7 (a) Gas injected into a natural oil- or gas-bearing reservoir in  
8 Garrett County, unless sold for such purpose;

9 (b) Gas produced from oil wells with oil and lawfully vented or  
10 flared;

11 (c) Gas used for lifting oil, unless sold for such purpose.

12 (3) **MONEY RECEIVED PURSUANT TO THE TAX SHALL BE**  
13 **DISTRIBUTED AS FOLLOWS:**

14 (A) **TEN-ELEVENTHS TO THE COUNTY; AND**

15 (B) **ONE-ELEVENTH TO MUNICIPALITIES IN THE COUNTY**  
16 **DISTRIBUTED ON A PER CAPITA BASIS, BASED ON POPULATION RECORDS AS**  
17 **UPDATED BY THE STATE PLANNING COMMISSION.**

18 [51.08.

19 (A) There is created the Natural Gas Fund, to which all receipts from the tax  
20 imposed by this chapter shall be credited on the books of the County Treasurer of  
21 Garrett County.

22 (B) The Natural Gas Fund shall be allocated and paid out for the following  
23 purposes and in the order herein set out:

24 (1) Fifteen percent of the receipts from the tax received from gas  
25 produced within the corporate limits of any incorporated town in Garrett County shall  
26 be paid to corporate officials of the town;

27 (2) The first \$50,000 or as much thereof as shall be received each year  
28 shall be used towards the liquidation of the present indebtedness of Garrett County for  
29 public school building purposes;

30 (3) The next \$25,000 of receipts from the tax or so much thereof as  
31 shall be received each year shall be used towards the payment of the expenses of  
32 maintenance and operation of the Garrett County Memorial Hospital;

1                   (4)    The balance, if any, of the receipts each year shall be placed in a  
2 New School Building Repair and/or Addition Fund, to be expended by the County  
3 Commissioners and the Board of Education of Garrett County as they may deem  
4 expedient and necessary, subject to the approval of the State Superintendent of  
5 Schools.]

6                   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
7 October 1, 2009.