

Subsection (a) of House Bill 908 imposes a severance tax "for the privilege of *depleting* the natural resources" of Cecil County. (Emphasis supplied.) The activity sought to be taxed is the depletion of these resources, whether by excavating, removing or quarrying. Thus it appears from a reading of subsection (a) that the tax is a severance tax, but in subsection (c) the Bill requires the excavator to file a monthly report of the "taxable sand, gravel or stone excavated, removed or quarried, which has been sold during the preceding month and pay the tax due thereon". If the phrase "and pay the tax due thereon" relates only to the resources which have been sold, it would appear that House Bill 908 imposes a sales tax and not a severance tax. Thus if this Bill does impose a sales tax, there could be further questions as to the sufficiency of the title of the Bill and whether the Bill is directed at a class of persons which is too narrow. In any case, the Bill obviously lacks clarity as to the legislative intent.

Sincerely yours,

/s/ FRANCIS B. BURCH,

Attorney General.

Letter from Maryland Geological Survey—H.B. 908.

April 8, 1969.

Hon. Marvin Mandel
Governor of Maryland
State House
Annapolis, Maryland 21401

Dear Governor Mandel:

I understand that House Bill 908 which imposes a severance tax on "sand, gravel or stone" excavated or quarried in Cecil County was passed by the General Assembly on the last day of the 1969 Session. Although this was introduced as a local bill, I feel that it has far reaching implications for the State as a whole.

I testified against this Bill before the Senate Finance Committee on March 21. My reasons for opposition were as follows:

A severance tax imposed by a local jurisdiction is unfair to the local mineral producer in that it puts him at a competitive disadvantage with respect to other mineral producers in adjacent jurisdictions. Such a tax in one county may lead to the imposition of a similar tax in other counties. If this practice would become widespread in Maryland it would put the Maryland mineral producers at a disadvantage with respect to adjacent states. The tax would eventually be passed on to the consumer, thus leading to higher building costs and contributing to the inflationary spiral.

I should also point out that this bill apparently does nothing toward reclamation of mined lands. A Governor's Commission to study the supply and availability of mineral resources of Maryland has drafted a bill (not introduced in this Session) which would provide for regulation of the mineral industries and also provide for the reclamation of mined lands. It would seem to me that such a proposal is a much more intelligent and positive approach toward mining and quarrying than the imposition of a local "nuisance" tax.