



Taxation Without Representation

Senate Bill SB862 proposes a one-year fracking moratorium and referenda, allowing each Maryland county to place fracking on the ballot in the next general election. This is problematic for property owners around Deep Creek Lake since many don't vote in district 18 where they own property. Property tax records can identify second homeowners by singling out primary residence zip codes located outside Garrett County. Out-of-county homeowners, who cannot vote in local elections own **21,351 properties**, while Garrett county citizens who *can* vote on a referendum own **8,226**. That leaves a taxpaying majority out of the decision-making process.

If a referendum to allow fracking goes on the ballot in 2018, an arresting 66% of taxpayers funding the Garrett County annual budget will be excluded from voting on the issue. Those excluded voters are contributing the lion's share of tax revenues. Additionally, lake-front and lake-access comparable properties are valued higher than homes not located on or near Deep Creek Lake.

An economic picture of Garrett County has never been studied to fully understand or calculate how to foster a sustainable financial future. There are several small municipalities that house over 60% of the county's total population. These areas are zoned by default to prohibit industrial activity like hydraulic fracturing or "fracking." Two towns, Mountain Lake Park and Friendsville enacted local ban ordinances as an added layer of protection. County land outside the boundaries of these towns, however, is not zoned which opens the door for gas drilling or countless other industrial activities that could have negative consequences for communities or the entire region.

A Gift Horse

McHenry is an unincorporated area surrounding its major draw, Deep Creek Lake that boasts 69 miles of shoreline. The Deep Creek Watershed has been excluded from vertical gas wells through The Maryland Department of the Environment's proposed fracking regulations; however, the industrial activities outside of drilling operations would be permitted. This would include truck traffic, staging areas, pipeline and other infrastructure to support industry and gas development.

The lake area, both on and off the water, experienced a surge of development before the housing market collapse in 2009. During the boom, new housing starts exceeded 650 annually as investors swept in to construct luxury second homes and multi-family vacation rentals. Prices soared, and multi-million dollar properties soon welcomed top corporate executives, entrepreneurs and even celebrities.

This swell in new tax dollars now accounts for over 60% of the county's tax base. This revenue stream is relatively stable, and properties continue to change hands as new investors take interest or eventually transform their investments to primary residences for retirement or to start a new life in rural Maryland.

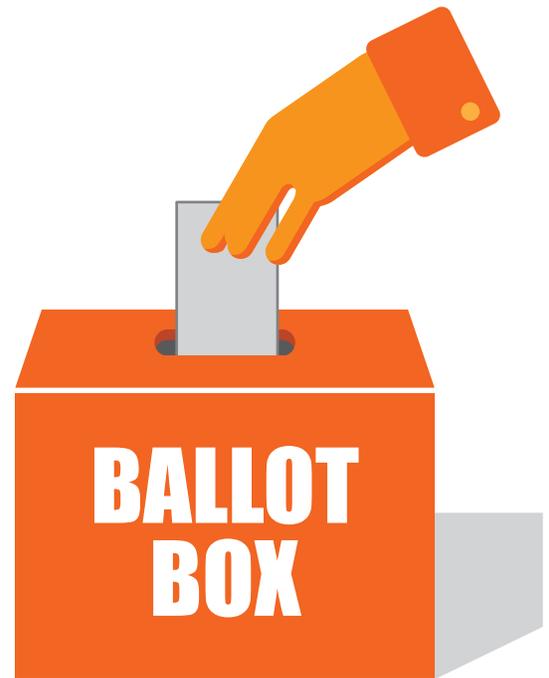
When fracking talk began, there was little acknowledgement of how this essential tax-base would be altered by rural industrialization. Tourists to Deep Creek Lake seek a getaway to enjoy the natural beauty, outdoor recreation, or simply do nothing, according to a study in 2013, by the Garrett County Chamber of Commerce. It's certain that the development years of gas drilling will pose a decline to property values, turnover rates, and interest in rental properties and new construction. Property values in fracking areas are estimated, according to certain peer reviewed studies, to decline by 25% or more.



19,286 SECOND HOMES
IN GARRETT COUNTY

Insult to Injury

By circling back to registered voters who live outside the small towns, on county land, many of them own acreage with working farms that qualify for subsidies. The 110,000 acres of farmland qualify for subsidies through the county tax office. The property owners that ring "The Lake" are footing the bill for this, too! This would inflate the originally estimated tax contribution second home owners pay to possibly 80% or more. As these nonresident home owners say, "You're welcome" to Garrett County, the state of Maryland is saying, "Stay out of it" when it comes to a decision on fracking.



If that isn't enough, one also needs to account for the 1.2 million visitors who may be staying in the dwellings owned by non-residents. It's estimated that without tourism revenue, every household in Garrett County could expect to pony-up an additional \$1,000 or more in taxes. Visitor spending for goods and services are estimated at \$243 million.

Asking only Garrett County residents to vote for or against fracking is inequitable. The principal taxpayers supporting the base revenue for schools, roads, county infrastructure and local government are removed from the decision-making process.

One final blow is that many second home owners are completely unaware of the threat to their investment property. When visiting Garrett County, they are unplugged or disconnected from the heated debates over fracking on the ground. They often don't tap into local news sources or mingle with permanent residents who are paying close attention to the issue. This important pool of taxpayers is essentially inaccessible to the grass roots groups working to protect everyone's investments. Asking for local referenda is simply a way to bypass a two-thirds majority who would likely support a ban on fracking in Garrett County.

Who Should Decide?

Asking to allow fracking will only appear on county ballots where natural gas extraction could take place like Garrett and Allegany Counties. Senate bill 862 suggests that the average resident living in these two counties would be qualified to know whether fracking is safe, responsible, or would provide economic prosperity. These are issues even legislators grapple with.

If fracking were to be allowed by referendum, the environmental, health, and economic conse-

quences such as methane emissions and water contamination would not be contained by the political boundaries where the election was held. Referenda are more typically suited for truly local issues such as “blue laws” that have virtually no risk of impacting the rest of the state.

What makes better sense is to guide this decision through educated lawmakers that have access to the latest studies from reputable sources. Legislators can hear from their constituents, review testimony, and work towards best serving the people when passing new laws. Fracking ban advocates err on the side of caution following repeated and alarming headlines from states like Pennsylvania, West Virginia, Ohio, and Oklahoma where fracking for natural gas has been most aggressive. Water well contaminations, illness, chemical spills, accidents, and explosions have become synonymous with fracking, marring the reputation of the gas industry.

The moratorium/referenda bill is not the only piece of legislation that addresses fracking in the 2017 General Assembly. A more succinct bill SB740, asks to prohibit the controversial drilling technique altogether. Grass roots organizations across the state make this bill their first choice and view the two bills as diametrically opposed.

Legislators are faced with the choice to ban fracking themselves, or pass that enormous responsibility on to unsuspecting citizens of the state. They should be able to make an informed decision that addresses all the warnings and promises. If left to local elections, voters will be bombarded with industry promises through well-funded advertising campaigns that will drown out any opposition efforts. Maryland voters need to be reassured that their representatives can say “no” to an industry like fracking that brings with it a menacing history.



Financial Picture

- Garrett County is the number two tourist destination in Maryland, second only to Ocean City.
- Tourism attracts 1.2 million visitors to Garrett County.
- Visitor spending for goods and services are estimated at \$243 million.
- Garrett County has spent over \$10 million in the last 10 years to attract visitors to our region.
- The State of Maryland annually spent nearly \$9 million to attract visitors to Maryland.
- Tourism accounts for roughly 65% of the tax revenue in Garrett County.
- Real estate in Garrett County generated \$154.8 million on average over the last 10 years.
- The real estate annual high was \$209.7 million in 2005 and the low was \$90.1 million in 2009.
- 75% of these homes are purchased as secondary/vacation homes.

New Home Construction

Building permits for Garrett County (2001-2010)

- 10 year total: Permits 6885
- Annual average: Permits 688.5
- 10 year total: \$1.1 billion
- Annual average: \$110.6 million

Source: Garrett County Office of Planning and Land Development

Agriculture

Farming takes up nearly 111,000 acres, approximately 26.3% of Garrett County land
634 farms generate \$20.4 million in revenue from farm products, according the US Department of Agriculture (1992-2007)

Garrett County Voters: 19,793

Democrat	4,388
Republican	12,721
Green	41
Libertarian	98
Unaffiliated	2,399
Others	146

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