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By: **Delegates Owings, W. Baker, Bozman, Cane, Conway, Eckardt,  
Hutchins, Linton, McClenahan, Proctor, Redmer, Schisler, Vallario, and  
Walkup**

Introduced and read first time: February 11, 2000

Assigned to: Environmental Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Electric Cooperatives - Services and Governance**

3 FOR the purpose of authorizing electric cooperatives to supply certain products and  
4 services to certain persons or entities under certain circumstances; altering a  
5 limitation on the percentage of persons who are not members of an electric  
6 cooperative to whom an electric cooperative may provide services; authorizing  
7 certain entities to become electric cooperatives; requiring an electric cooperative  
8 to provide certain services through certain entities under certain circumstances;  
9 authorizing electric cooperatives to form, organize, acquire, hold, dispose of, and  
10 operate an interest in certain entities under certain circumstances; requiring an  
11 electric cooperative exercising certain powers to meet certain requirements of  
12 the Public Service Commission; altering the types of officers and duties of  
13 officers of electric cooperatives; providing for the election and duties of a  
14 chairman and vice chairman of the board of directors of electric cooperatives;  
15 authorizing an electric cooperative to include in its articles of incorporation  
16 certain provisions regarding the liability of directors and officers; altering the  
17 requirements for membership in an electric cooperative; altering certain  
18 requirements for annual and special meetings of the members of electric  
19 cooperatives; providing that a director of an electric cooperative has immunity  
20 from liability for certain acts under certain circumstances; modifying the filing  
21 fees for electric cooperative documents at the State Department of Assessments  
22 and Taxation; repealing certain provisions of law providing for the protection of  
23 an electric cooperative's territory; altering a limitation on refunds to persons not  
24 members of an electric cooperative; defining a certain term; making stylistic  
25 changes; requiring the Department of Legislative Services to prepare certain  
26 draft legislation; and generally relating to electric cooperatives.

27 BY repealing and reenacting, with amendments,  
28 Chapter 179 of the Acts of the General Assembly of 1976  
29 Section 1

30 BY repealing and reenacting, without amendments,  
31 Chapter 179 of the Acts of the General Assembly of 1976

1 Section 2

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

4 **Chapter 179 of the Acts of 1976**

5 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
6 MARYLAND, That Sections 379 through 411, inclusive, of Article 23 - Corporations of  
7 the Annotated Code of Maryland (1973 Replacement Volume and 1975 Supplement),  
8 be and they are hereby repealed and reenacted with amendments and transferred  
9 from the Annotated Code of Maryland to the Session Laws, to read as follows:

10 **Article 23 - Corporations**

11 1. Short title.

12 This act may be cited as the "Electric Cooperative Act."

13 2. Purpose.

14 Cooperative, nonprofit, membership corporations may be organized under this  
15 act for the purpose of [supply] SUPPLYING electric energy and OTHER PRODUCTS  
16 AND SERVICES AND promoting and extending the use thereof.

17 3. Definitions.

18 In this act:

19 (a) "COMMISSION" MEANS THE MARYLAND PUBLIC SERVICE COMMISSION.

20 (B) "Cooperative" means any corporation organized under this act or which  
21 becomes subject to this act in the manner hereinafter provided; [and]

22 (C) "MEMBER" MEANS A PERSON OR HOUSEHOLD THAT HAS BEEN QUALIFIED  
23 AND ACCEPTED FOR MEMBERSHIP IN A COOPERATIVE ACCORDING TO ITS BYLAWS;  
24 AND

25 [(b)] (D) "Person" means any natural person, firm, association, corporation,  
26 LIMITED LIABILITY COMPANY, business trust, partnership, LIMITED LIABILITY  
27 PARTNERSHIP, federal agency, State or political subdivision or agency thereof, or any  
28 body politic.

29 4. Powers.

30 A cooperative shall have power:

31 (a) To sue and be sued in its corporate name;

32 (b) To have perpetual existence;

1 (c) To adopt a corporate seal and alter the same;

2 (d) To generate, manufacture, purchase, acquire, accumulate and transmit  
3 electric energy, and to distribute, sell, supply and dispose of electric energy to its  
4 members, to governmental agencies and political subdivisions, and to other persons  
5 [not in excess of ten per centum of the number of its members, provided, however,  
6 that the furnishing by a cooperative of electric cold storage or processing plant service  
7 shall not be deemed to be distributing, selling, supplying or disposing of electric  
8 energy];

9 (e) To assist persons to whom electric energy is or will be supplied by the  
10 cooperative in wiring their premises and in acquiring and installing electrical and  
11 plumbing appliances, equipment, fixtures and apparatus by the financing thereof, or  
12 otherwise, and in connection therewith to wire, or cause to be wired, such premises,  
13 and to purchase, acquire, lease as lessor or lessee, sell, distribute, install and repair  
14 such electric and plumbing appliances, equipment, fixtures and apparatus;

15 [(f) To assist persons to whom electric energy is or will be supplied by the  
16 cooperative in constructing, equipping, maintaining and operating electric cold  
17 storage or processing plants, by the financing thereof or otherwise;]

18 [(g)] (F) To construct, purchase, lease as lessee, or otherwise acquire, and to  
19 equip, maintain, and operate, and to sell, assign, convey, lease as lessor, mortgage,  
20 pledge, or otherwise dispose of or encumber, electric transmission and distribution  
21 lines or systems, electric generating plants, [electric cold storage or] processing  
22 plants, lands, buildings, structures, dams, plants and equipment, and any other real  
23 or personal property, tangible or intangible, which shall be deemed necessary,  
24 convenient or appropriate to accomplish the purpose for which the cooperative is  
25 organized;

26 [(h)] (G) To purchase, lease as lessee, or otherwise acquire, and to use, and  
27 exercise and to sell, assign, convey, mortgage, pledge or otherwise dispose of or  
28 encumber, franchises, rights, privileges, licenses and easements;

29 [(i)] (H) To borrow money and otherwise contract indebtedness, and to issue  
30 notes, bonds, and other evidences of indebtedness, and to secure the payment thereof  
31 by mortgage, pledge, or deed of trust of, or any other encumbrance upon, any or all of  
32 its then owned or after-acquired real or personal property, assets, franchises,  
33 revenues or income;

34 [(j)] (I) To construct, maintain and operate electric transmission and  
35 distribution lines along, upon, under and across publicly owned lands and public  
36 thoroughfares, including, without limitation, all roads, highways, streets, alleys,  
37 bridges and causeways, after first securing the proper assent of the municipal  
38 authorities of the city or town, or of the county commissioners or county council of the  
39 county in which such electric lines are proposed to be constructed, under such  
40 reasonable and proper regulations and conditions as may be prescribed in such  
41 assent;

1 [(k)] (J) To exercise the power of eminent domain in the manner provided by  
2 the laws of this State for the exercise of such power by other corporations constructing  
3 or operating electric transmission and distribution lines or systems;

4 [(l)] (K) To become a member of other cooperatives or corporations or to own  
5 stock therein;

6 [(m)] (L) To conduct its business and exercise its powers within or without this  
7 State;

8 [(n)] (M) To adopt, amend and repeal bylaws; and

9 [(o)] (N) To do and perform any other acts and things, and to have and  
10 exercise any other powers which may be necessary, convenient or appropriate to  
11 accomplish the purpose for which the cooperative is organized.

12 5. ADDITIONAL POWERS.

13 (A) (1) A COOPERATIVE MAY MAKE AVAILABLE AND SUPPLY PRODUCTS AND  
14 SERVICES IN ADDITION TO ELECTRIC ENERGY AND EXERCISE ALL POWERS GRANTED  
15 UNDER THIS ACT WHICH MAY BE NECESSARY, CONVENIENT, OR EXPEDIENT FOR THE  
16 ACCOMPLISHMENT OF THESE PURPOSES.

17 (2) THESE ADDITIONAL PRODUCTS AND SERVICES SHALL BE PROVIDED  
18 TO ITS MEMBERS, GOVERNMENT AGENCIES, POLITICAL SUBDIVISIONS, OR OTHER  
19 THROUGH BUSINESS ENTITIES AS PROVIDED IN SUBSECTION (B) OF THIS SECTION.

20 (3) IF THE PROVISION OF ELECTRIC ENERGY REQUIRES A LICENSE AS  
21 AN ELECTRICITY SUPPLIER UNDER § 7-507 OF THE PUBLIC UTILITY COMPANIES  
22 ARTICLE, THE COOPERATIVE SHALL COMPLY WITH THE REQUIREMENTS OF  
23 SUBSECTION (B) OF THIS SECTION.

24 (B) A COOPERATIVE MAY FORM, ORGANIZE, ACQUIRE, HOLD, DISPOSE OF, AND  
25 OPERATE ANY INTEREST IN, INCLUDING FULL CONTROLLING INTEREST, ANOTHER  
26 ENTITY IF THE ENTITY IS:

27 (1) NOT FINANCED WITH LOANS OR GRANTS FROM THE RURAL  
28 UTILITIES SERVICE OF THE UNITED STATES DEPARTMENT OF AGRICULTURE, THE  
29 UNITED STATES DEPARTMENT OF AGRICULTURE, OR WITH SIMILAR FINANCING  
30 FROM A SUCCESSOR AGENCY, UNLESS THE LOANS OR GRANTS ARE FOR WATER OR  
31 WASTEWATER COLLECTION OR TREATMENT PROJECTS; AND

32 (2) SUBJECT TO ALL TAXES, INCLUDING FEDERAL AND STATE INCOME  
33 TAXES LEVIED IN THE SAME MANNER AS LEVIED AGAINST ENTITIES OF THE SAME  
34 STRUCTURE ENGAGED IN THE SAME ACTIVITY.

35 (C) A COOPERATIVE EXERCISING THE POWERS GRANTED UNDER THIS  
36 SECTION SHALL COMPLY WITH REQUIREMENTS OF THE COMMISSION WHICH  
37 ESTABLISH, AMONG OTHER FACTORS, FUNCTIONAL, OPERATIONAL, STRUCTURAL,  
38 OR LEGAL SEPARATION BETWEEN THE COOPERATIVE'S COMMISSION REGULATED

1 BUSINESSES AND BUSINESSES OR AFFILIATES NOT REGULATED BY THE  
2 COMMISSION.

3 (D) (1) A COOPERATIVE SHALL COMPLY WITH COMMISSION REQUIREMENTS  
4 TO ADOPT A COMMISSION APPROVED CODE OF CONDUCT IN ORDER TO PREVENT A  
5 MEMBER THAT RECEIVES SERVICES REGULATED BY THE COMMISSION FROM  
6 SUBSIDIZING SERVICES PROVIDED BY THE COOPERATIVE'S BUSINESSES OR  
7 AFFILIATES NOT REGULATED BY THE COMMISSION.

8 (2) A COOPERATIVE SHALL ADOPT A CODE OF CONDUCT WITHIN THE  
9 TIME PERIOD DETERMINED BY THE COMMISSION.

10 [5.] 6. Name.

11 The name of a cooperative shall include the words "electric" and "cooperative,"  
12 and the abbreviation "Inc.," unless, in an affidavit made by its [president or  
13 vice-president,] CHAIRMAN OR VICE-CHAIRMAN and filed with the STATE  
14 Department of Assessments and Taxation or in an affidavit made by a person signing  
15 articles of incorporation, consolidation, merger or conversion, which relate to such  
16 cooperative, and filed, together with any such articles, with the STATE Department of  
17 Assessments and Taxation, it shall appear that the cooperative desires to do business  
18 in another state and is or would be precluded therefrom by reason of the inclusion of  
19 such words or either thereof in its name. The name of a cooperative shall be distinct  
20 from the name of any other cooperative or corporation organized under the laws of, or  
21 authorized to do business in, this State. Only a cooperative or corporation doing  
22 business in this State pursuant to this act shall use both the words "electric" and  
23 "cooperative" in its name.

24 [6.] 7. Incorporators.

25 Five or more natural persons, or [two] ONE or more cooperatives, may organize  
26 a cooperative in the manner hereinafter provided.

27 [7.] 8. Articles of incorporation.

28 Articles of incorporation of a cooperative shall recite that they are executed  
29 pursuant to this act and shall state: (1) The name of the cooperative; (2) the address  
30 of its principal office and the name and address of its resident agent; (3) the names  
31 and addresses of the incorporators; and (4) the names and addresses of its directors;  
32 and may contain any provisions not inconsistent with this act deemed necessary or  
33 advisable for the conduct of its business. Such articles shall be signed by each  
34 incorporator and acknowledged by at least two of the incorporators, or on their behalf,  
35 if they are cooperatives. It shall not be necessary to recite in the articles of  
36 incorporation of a cooperative the purpose for which it is organized or any of its  
37 corporate powers. THE ARTICLES OF INCORPORATION MAY INCLUDE A PROVISION  
38 EXPANDING OR LIMITING THE LIABILITY OF ITS DIRECTORS AND OFFICERS TO THE  
39 COOPERATIVE OR ITS MEMBERS AS PROVIDED IN § 5-418 OF THE COURTS ARTICLE.

1 [8.] 9. Bylaws.

2 The board of directors shall adopt the first bylaws of a cooperative to be adopted  
3 following an incorporation, conversion, merger or consolidation. Thereafter the  
4 members shall adopt, amend or repeal the bylaws by the affirmative vote of a  
5 majority of those members voting thereon at a meeting of the members. The bylaws  
6 shall set forth the rights and duties of members and directors and may contain other  
7 provisions for the regulation and management of the affairs of the cooperative not  
8 inconsistent with this act or with its articles of incorporation.

9 [9.] 10. Members.

10 [Each incorporator of a cooperative shall be a member thereof, but no other  
11 person may become a member thereof unless such other person agrees to use electric  
12 energy or other services furnished by the cooperative when they are made available  
13 through its facilities. Any member of a cooperative who agrees to use electric energy  
14 shall cease to be a member if he does not use electric energy supplied by the  
15 cooperative within six months after it is made available to him or if electric energy is  
16 not made available to him by the cooperative within two years after he becomes a  
17 member, or such lesser period as the bylaws of the cooperative may provide. A  
18 husband and wife may hold a joint membership in a cooperative.] A PERSON SHALL  
19 BE ELIGIBLE FOR MEMBERSHIP IN A COOPERATIVE IF THE QUALIFICATIONS FOR  
20 MEMBERSHIP AS SET FORTH IN THE BYLAWS HAVE BEEN MET. Membership in a  
21 cooperative shall not be transferable, except as provided in the bylaws. The bylaws  
22 may prescribe additional qualifications and limitations in respect of membership.

23 [10.] 11. Meetings.

24 (a) Annual meeting. -- An annual meeting of the members of a cooperative  
25 shall be held at such time and place as shall be provided in the bylaws.

26 (b) Special meetings. -- Special meetings of the members may be called by the  
27 [president,] CHAIRMAN, by A MAJORITY OF the board of directors, [by any three  
28 directors,] or by not less than ten percentum of the members.

29 (c) Notice. -- Except as otherwise provided in this act [written or printed]  
30 notice stating the time and place of each meeting of the members and, in the case of  
31 a special meeting, the purpose or purposes for which the meeting is called, shall be  
32 [given] MAILED to each member[, either personally or by mail,] not less than ten  
33 days nor more than [twenty] NINETY days before the date of meeting. [If mailed,  
34 such notice shall be deemed to be given when deposited in the United States mail  
35 with postage prepaid addressed to the member at his address as it appears on the  
36 records of the cooperative.]

37 (d) Quorum. -- Unless the bylaws prescribe the presence of a greater  
38 percentage or number of the members for a quorum, a quorum for the transaction of  
39 business at all meetings of the members of a cooperative having not more than 1,000  
40 members, shall be five percentum of all members, present in person, and of a  
41 cooperative having more than 1,000 members, shall be fifty members, present in

1 person. If less than a quorum is present at any meeting, a majority of those present in  
2 person may adjourn the meeting from time to time without further notice.

3 (e) Each member entitled to one vote; voting by proxy or mail. -- Each  
4 member shall be entitled to one vote on each matter submitted to a vote at a meeting  
5 of the members. Voting shall be in person, but, if the bylaws so provide, may also be  
6 by proxy or by mail, or both. If the bylaws provide for voting by proxy or by mail, they  
7 shall also prescribe the conditions under which such voting shall be permitted. No  
8 person shall vote by proxy for more than three members at any meeting of the  
9 members.

10 [11.] 12. Waiver of notice.

11 Any person entitled to notice of a meeting may waive such notice in writing  
12 either before or after such meeting. If any such person shall attend such meeting,  
13 such attendance shall constitute a waiver of notice of such meeting, unless such  
14 person participate therein solely to object to the transaction of any business because  
15 the meeting has not been legally called or convened.

16 [12.] 13. Board of directors.

17 (a) In general. -- The business of a cooperative shall be managed by a board of  
18 not less than five directors, each of whom shall be a member of the cooperative or of  
19 another cooperative which is a member thereof. The bylaws shall prescribe the  
20 number of directors, their qualifications, other than those prescribed in this act the  
21 manner of holding meetings of the board of directors and of electing successors to  
22 directors who shall resign, die, or otherwise be incapable of acting. The bylaws may  
23 also provide for the removal of directors from office and for the election of their  
24 successors. Directors shall not receive any salaries for their services as directors and,  
25 except in emergencies, shall not be employed by the cooperative in any capacity  
26 involving compensation without the approval of the members. The bylaws may  
27 provide that a fixed fee and expenses of attendance may be allowed to each director  
28 for attendance at each meeting of the board of directors.

29 (b) Terms of office in general. -- The directors of a cooperative named in any  
30 articles of incorporation, consolidation, merger or conversion, shall hold office until  
31 the next annual meeting of the members and until their successors are elected and  
32 qualified. At each annual meeting or, in case of failure to hold the annual meeting as  
33 specified in the bylaws, at a special meeting called for that purpose, the members  
34 shall elect directors to hold office until the next annual meeting of the members,  
35 except as otherwise provided in this act. Each director shall hold office for the term  
36 for which he is elected and until his successor is elected and qualifies.

37 (c) Staggering terms of office; filling of vacancy. -- Instead of electing all the  
38 directors annually, the bylaws may provide that the directors shall be divided into  
39 three classes, each class to be as nearly equal in number as possible, with the term of  
40 office of the directors of the first class to expire at the next succeeding annual  
41 meeting, and the term of the second class to expire at the second succeeding annual  
42 meeting and the term of the third class to expire at the third succeeding annual

1 meeting. At each annual meeting after such classification a number of directors,  
2 equal to the number of the class whose term expires at the time of such meeting, shall  
3 be elected to hold office for three years or until the third succeeding annual meeting.  
4 If a vacancy occurs in the board of directors, the remaining directors shall elect a  
5 director to fill the vacancy for the remainder of the term for which the vacating  
6 director was elected.

7 (d) Quorum. -- A majority of the board of directors shall constitute a quorum.

8 (e) Spouses holding joint membership. -- If a husband and wife hold a joint  
9 membership in a cooperative, either one, but not both, may be elected a director.

10 (f) Powers. -- The board of directors may exercise all of the powers of a  
11 cooperative not conferred upon the members by this act or its articles of incorporation  
12 or bylaws.

13 (G) DIRECTOR IMMUNITY. -- A DIRECTOR WHO PERFORMS HIS DUTIES IN  
14 ACCORDANCE WITH THE STANDARD OF CARE DESCRIBED UNDER § 2-405.1 OF THE  
15 CORPORATIONS AND ASSOCIATIONS ARTICLE SHALL BE IMMUNE FROM LIABILITY AS  
16 PROVIDED IN § 5-417 OF THE COURTS ARTICLE.

17 [13.] 14. Districts.

18 The bylaws may provide for the division of the territory served or to be served by  
19 a cooperative into two or more districts for any purpose, including, without limitation,  
20 the nomination and election of directors. In such case the bylaws shall prescribe the  
21 boundaries of the districts, or the manner of establishing such boundaries, and the  
22 manner of changing such boundaries, and the manner in which such districts shall  
23 function. No member at any district meeting shall vote by proxy or by mail.

24 [14.] 15. Officers.

25 The directors shall elect annually from their own number a [president]  
26 CHAIRMAN and one or more [vice-presidents] VICE-CHAIRMEN. They shall also elect  
27 a secretary and a treasurer, who need not be directors or members and they may  
28 combine the two latter offices and designate the combined office as  
29 secretary-treasurer. The board of directors may also elect or appoint such other  
30 officers, agents, or employees as it deems necessary or advisable and shall prescribe  
31 their powers and duties. Any officer may be removed from office and his successor  
32 elected in the manner prescribed in the bylaws.

33 [15.] 16. Amendment of articles of incorporation.

34 A cooperative may amend its articles of incorporation by complying with the  
35 following requirements: The proposed amendment shall be presented to a meeting of  
36 the members, the notice of which shall set forth or have attached thereto the proposed  
37 amendment. If the proposed amendment, with any changes, is approved by the  
38 affirmative vote of not less than two thirds of those members voting thereon at such  
39 meeting, articles of amendment shall be executed and acknowledged on behalf of the  
40 cooperative by its [president or vice-president] CHAIRMAN OR VICE-CHAIRMAN and

1 its seal shall be affixed thereto and attested by its secretary. The articles of  
2 amendment shall recite that they are executed pursuant to this act and shall state:  
3 (1) the name of the cooperative; (2) the address of its principal office; and (3) the  
4 amendment to its articles of incorporation. The [president or vice-president]  
5 CHAIRMAN OR VICE-CHAIRMAN executing such articles of amendment shall make  
6 and annex thereto an affidavit stating that the provisions of this section in respect of  
7 the amendment set forth in such articles were duly complied with.

8 [16.] 17. Change of location of principal office or name or address of resident agent.

9 A cooperative may, upon authorization of its board of directors or its members,  
10 change the location of its principal office or make any change in the name or address  
11 of its resident agent by filing a certificate reciting such change, executed and  
12 acknowledged by its [president or vice-president] CHAIRMAN OR VICE-CHAIRMAN  
13 under its seal attested by its secretary, in the office of the STATE Department of  
14 Assessments and Taxation.

15 [17.] 18. Consolidation in general.

16 Any two or more cooperatives (each of which is hereinafter designated a  
17 "consolidating cooperative"), may consolidate into a new cooperative (hereinafter  
18 designated the "new cooperative"), by complying with the following requirements:

19 (a) Submission to members. -- The proposition for the consolidation of the  
20 consolidating cooperatives into the new cooperative and proposed articles of  
21 consolidation to give effect thereto shall be submitted to a meeting of the members of  
22 each consolidating cooperative, the notice of which shall have attached thereto a copy  
23 of the proposed articles of consolidation;

24 (b) Articles of consolidation. -- If the proposed consolidation and the proposed  
25 articles of consolidation, with any amendments, are approved by the affirmative vote  
26 of not less than two thirds of those members of each consolidating cooperative voting  
27 thereon at each such meeting, articles of consolidation in the form approved shall be  
28 executed and acknowledged on behalf of each consolidating cooperative by its  
29 [president or vice-president] CHAIRMAN AND VICE-CHAIRMAN and its seal shall be  
30 affixed thereto and attested by its secretary. The articles of consolidation shall recite  
31 that they are executed pursuant to this act and shall state: (1) the name of each  
32 consolidating cooperative and the address of its principal office; (2) the name of the  
33 new cooperative, the address of its principal office and the name and address of its  
34 resident agent; (3) a statement that each consolidating cooperative agrees to the  
35 consolidation; (4) the names and addresses of the directors of the new cooperative;  
36 and (5) the terms and conditions of the consolidation and the mode of carrying the  
37 same into effect, including the manner in which members of the consolidating  
38 cooperatives may or shall become members of the new cooperative; and may contain  
39 any provisions not inconsistent with this act deemed necessary or advisable for the  
40 conduct of the business of the new cooperative. The [president or vice-president]  
41 CHAIRMAN OR VICE-CHAIRMAN of each consolidating cooperative executing such  
42 articles of consolidation shall make and annex thereto an affidavit stating that the

1 provisions of this section in respect of such articles were duly complied with by such  
2 cooperative.

3 [18.] 19. Merger in general.

4 Any one or more cooperatives (each of which is hereinafter designated a  
5 "merging cooperative") may merge into another cooperative (hereinafter designated  
6 the "surviving cooperative"), by complying with the following requirements:

7 (a) Submission to members. -- The proposition for the merger of the merging  
8 cooperatives into the surviving cooperative and proposed articles of merger to give  
9 effect thereto shall be submitted to a meeting of the members of each merging  
10 cooperative and of the surviving cooperative, the notice of which shall have attached  
11 thereto a copy of the proposed articles of merger;

12 (b) Articles of merger. -- If the proposed merger and the proposed articles of  
13 merger, with any amendments, are approved by the affirmative vote of not less than  
14 two thirds of those members of each cooperative voting thereon at each such meeting,  
15 articles of merger in the form approved shall be executed and acknowledged on behalf  
16 of each such cooperative by its [president or vice-president] CHAIRMAN OR  
17 VICE-CHAIRMAN and its seal shall be affixed thereto and attested by its secretary.  
18 The articles of merger shall recite that they are executed pursuant to this act and  
19 shall state: (1) the name of each merging cooperative and the address of its principal  
20 office; (2) the name of the surviving cooperative, the address of its principal office, and  
21 the name and address of its resident agent; (3) a statement that each merging  
22 cooperative and the surviving cooperative agree to the merger; (4) the names and  
23 addresses of the directors of the surviving cooperative; and (5) the terms and  
24 conditions of the merger and the mode of carrying the same into effect, including the  
25 manner in which the members of the merging cooperatives may or shall become  
26 members of the surviving cooperative; and may contain any provisions not  
27 inconsistent with this act deemed necessary or advisable for the conduct of the  
28 business of the surviving cooperative. The [president or vice-president] CHAIRMAN  
29 OR VICE-CHAIRMAN of each cooperative executing such articles of merger shall make  
30 and annex thereto an affidavit stating that the provisions of this section in respect of  
31 such articles were duly complied with by such cooperative.

32 [19.] 20. Effect of consolidation or merger.

33 (a) Articles of consolidation deemed articles of incorporation of new  
34 cooperative. -- In the case of a consolidation the existence of the consolidating  
35 cooperatives shall cease and the articles of consolidation shall be deemed to be the  
36 articles of incorporation of the new cooperative; and in the case of a merger the  
37 separate existence of the cooperatives shall cease and the articles of incorporation of  
38 the surviving cooperative shall be deemed to be amended to the extent, if any, that  
39 changes therein are provided for in the articles of merger;

40 (b) Transfer of rights, etc. -- All the rights, privileges, immunities and  
41 franchises and all property, real and personal, including without limitation  
42 applications for membership, all debts due on whatever account and all other choses

1 in action, of each of the consolidating or merging cooperatives shall be deemed to be  
2 transferred to and vested in the new [of] OR surviving cooperative without further  
3 act or deed;

4 (c) Liabilities. -- The new or surviving cooperative shall be responsible and  
5 liable for all the liabilities and obligations of each of the consolidating or merging  
6 cooperatives and any claim existing or action or proceeding pending by or against any  
7 of the consolidating or merging cooperatives may be prosecuted as if the consolidation  
8 or merger had not taken place, but the new or surviving cooperative may be  
9 substituted in its place; and

10 (d) Rights of creditors and liens upon property not affected. -- Neither the  
11 rights of creditors nor any liens upon the property of any of such cooperatives shall be  
12 impaired by such consolidation or merger.

13 [20.] 21. Conversion of existing corporations into cooperatives.

14 Any corporation organized under the laws of this State and supplying or  
15 authorized to supply electric energy may be converted into a cooperative by complying  
16 with the following requirements and shall thereupon become subject to this act with  
17 the same effect as if originally organized under this act:

18 (a) Submission to members or shareholders. -- The proposition for the  
19 conversion of such corporation into a cooperative and proposed articles of conversion  
20 to give effect thereto shall be submitted to a meeting of the members or stockholders  
21 of such corporation, the notice of which shall have attached thereto a copy of the  
22 proposed articles of conversion;

23 (b) Articles of conversion. -- If the proposition for the conversion of such  
24 corporation into a cooperative and the proposed articles of conversion, with any  
25 amendments, are approved by the affirmative vote of not less than two thirds of those  
26 members of such corporation voting thereon at such meeting, or, if such corporation is  
27 a stock corporation, by the affirmative vote of the holders of not less than two thirds  
28 of those shares of the capital stock of such corporation represented at such meeting  
29 and voting thereon, articles of conversion in the form approved shall be executed and  
30 acknowledged on behalf of such corporation by its [president or vice-president]  
31 CHAIRMAN OR VICE-CHAIRMAN and its seal shall be affixed thereto and attested by  
32 its secretary. The articles of conversion shall recite that they are executed pursuant to  
33 this act and shall state: (1) The name of the corporation and the address of its  
34 principal office prior to its conversion into a cooperative; (2) the statute or statutes  
35 under which it was organized; (3) a statement that such corporation elects to become  
36 a cooperative, nonprofit, membership corporation subject to this act; (4) its name as a  
37 cooperative; (5) the address of the principal office and the name and address of the  
38 resident agent of the cooperative; (6) the names and addresses of the directors of the  
39 cooperative; and (7) the manner in which members or stockholders of such  
40 corporation may or shall become members of the cooperative; and may contain any  
41 provisions not inconsistent with this act deemed necessary or advisable for the  
42 conduct of the business of the cooperative. The [president or vice-president]  
43 CHAIRMAN OR VICE-CHAIRMAN executing such articles of conversion shall make and

1 annex thereto an affidavit stating that the provisions of this section were duly  
2 complied with in respect of such articles. The articles of conversion shall be deemed to  
3 be the articles of incorporation of the cooperative.

4 [21.] 22. Dissolution.

5 (a) Cooperatives which have not commenced business. -- A cooperative which  
6 has not commenced business may be dissolved by delivering to the STATE Department  
7 of Assessments and Taxation articles of dissolution which shall be executed and  
8 acknowledged on behalf of the cooperative by a majority of the incorporators and  
9 which shall state: (1) the name of the cooperative; (2) the address of its principal  
10 office; (3) that the cooperative has not commenced business; (4) that any sums  
11 received by the cooperative, less any part thereof disbursed for expenses of the  
12 cooperative, have been returned or paid to those entitled thereto; (5) that no debt of  
13 the cooperative is unpaid; and (6) that a majority of the incorporators elect that the  
14 cooperative be dissolved.

15 (b) Cooperatives which have commenced business. -- A cooperative which has  
16 commenced business may be dissolved in the following manner: The members at any  
17 meeting shall approve, by the affirmative vote of not less than two thirds of those  
18 members voting thereon at such meeting, a proposal that the cooperative be  
19 dissolved. Upon such approval, a certificate of election to dissolve (hereinafter  
20 designated the "certificate"), executed and acknowledged on behalf of the cooperative  
21 by its [president or vice-president] CHAIRMAN OR VICE-CHAIRMAN under its seal,  
22 attested by its secretary, and stating: (1) the name of the cooperative; (2) the address  
23 of its principal office; and (3) that the members of the cooperative have duly voted  
24 that the cooperative be dissolved, shall, together with an affidavit made by its  
25 [president or vice-president] CHAIRMAN OR VICE-CHAIRMAN executing the  
26 certificate, stating that the statements in the certificate are true, be submitted to the  
27 STATE Department of Assessments and Taxation for filing. Upon the filing of the  
28 certificate and affidavit by the STATE Department of Assessments and Taxation, the  
29 cooperative shall cease to carry on its business except to the extent necessary for the  
30 winding up thereof, but its corporate existence shall continue until articles of  
31 dissolution have been filed by the STATE Department of Assessments and Taxation.  
32 The board of directors shall immediately cause notice of the dissolution proceedings to  
33 be mailed to each known creditor of and claimant against the cooperative and to be  
34 published once a week for two successive weeks in a newspaper of general circulation  
35 in the county in which the principal office of the cooperative is located. The board of  
36 directors shall wind up and settle the affairs of the cooperative, collect sums owing to  
37 it, liquidate its property and assets, pay and discharge its debts, obligations and  
38 liabilities, and do all other things required to wind up its business, and after paying  
39 or discharging or adequately providing for the payment or discharge of all its debts,  
40 obligations and liabilities, shall distribute any remaining sums among its members  
41 and former members in proportion to the patronage of the respective members or  
42 former members during the seven years next preceding the date of the filing of the  
43 certificate by the STATE Department of Assessments and Taxation, or if the  
44 cooperative has not been in existence for such period then during the period of its  
45 existence prior to such filing. The board of directors shall thereupon authorize the  
46 execution of articles of dissolution, which shall be executed and acknowledged on

1 behalf of the cooperative by its [president or vice-president] CHAIRMAN OR  
2 VICE-CHAIRMAN, and its seal shall be affixed thereto and attested by its secretary.  
3 The articles of dissolution shall recite that they are executed pursuant to this act and  
4 shall state: (1) the name of the cooperative; (2) the address of its principal office; (3)  
5 the date on which the certificate of election to dissolve was filed by the STATE  
6 Department of Assessments and Taxation; (4) that there are no actions or suits  
7 pending against the cooperative; (5) that all debts, obligations and liabilities of the  
8 cooperative have been paid and discharged or that adequate provision has been made  
9 therefor; and (6) that the preceding provisions of this subsection have been duly  
10 complied with. The [president or vice-president] CHAIRMAN OR VICE-CHAIRMAN  
11 executing the articles of dissolution shall make and annex thereto an affidavit stating  
12 that the statements made therein are true.

13 [22.] 23. Filing of articles.

14 Articles of incorporation, amendment, consolidation, merger, conversion, or  
15 dissolution, when executed and acknowledged and accompanied by such affidavits as  
16 may be required by applicable provisions of this act, shall be presented to the STATE  
17 Department of Assessments and Taxation for filing in the records of its office. If the  
18 STATE Department of Assessments and Taxation shall find that the articles presented  
19 conform to the requirements of this act, it shall, upon the payment of the fees as in  
20 this act provided, file such articles in the records of its office and upon such filing the  
21 incorporation, amendment, consolidation, merger, conversion, or dissolution provided  
22 for therein shall be in effect. The provisions of this section shall also apply to  
23 certificates of election to dissolve and affidavits executed in connection therewith  
24 pursuant to [§ 21(b)] § 22(B) of this act.

25 [23.] 24. Refunds [to members].

26 (A) [Revenues] FOR EACH FISCAL YEAR, THE REVENUES of a cooperative [for  
27 any fiscal year in excess of the amount thereof necessary:] IN EXCESS OF THE  
28 AMOUNT NECESSARY TO PROVIDE FOR THE ITEMS CONTAINED IN SUBSECTION (C)  
29 OF THIS SECTION SHALL BE ALLOCATED BY THE COOPERATIVE TO ITS MEMBERS  
30 AND TO OTHER PERSONS TO WHOM THE COOPERATIVE SUPPLIES ELECTRIC ENERGY  
31 OR OTHER SERVICES IN THE FORM OF PATRONAGE CREDITS, UNLESS OTHERWISE  
32 DETERMINED BY A VOTE OF THE MEMBERS.

33 (B) FOR EACH FISCAL YEAR, THE PATRONAGE CREDITS SHALL BE PRORATED  
34 TO A MEMBER OR OTHER PERSONS IN ACCORDANCE WITH THE PATRONAGE OF THE  
35 COOPERATIVE BY THE MEMBER OR OTHER PERSONS PAID FOR DURING THAT FISCAL  
36 YEAR.

37 (C) REVENUES OF A COOPERATIVE MAY BE USED:

38 [(a)] (1) To defray the expenses of the operation and maintenance of the  
39 facilities of the cooperative during [such] A fiscal year;

40 [(b)] (2) To pay interest and principal obligations of the cooperative coming  
41 due in [such] A fiscal year;

1 [(c)] (3) To finance, or provide a reserve for the financing of, the construction  
2 or acquisition by the cooperative of additional facilities to the extent determined by  
3 the board of directors;

4 [(d)] (4) To provide a reasonable reserve for working capital;

5 [(e)] (5) To provide a reserve for the payment of indebtedness of the  
6 cooperative in an amount not less than the total of the interest and principal  
7 payments in respect thereof required to be made during the next [following] fiscal  
8 year; [and]

9 [(f)] (6) To provide [a fund (hereinafter designated the "education fund")] for  
10 education in cooperation and for the dissemination of information concerning the  
11 effective use of electric energy and other PRODUCTS AND services made available by  
12 the cooperative[, shall unless otherwise determined by a vote of the members, be  
13 distributed by the cooperative to its members and to other persons to whom the  
14 cooperative supplies electric energy or other services, as patronage refunds prorated  
15 in accordance with the patronage of the cooperative by the respective members and  
16 such other persons, paid for during such fiscal year; provided, however, that such  
17 distribution shall not be made to any such other person until he has become a  
18 member of the cooperative. If such other person does not become a member of the  
19 cooperative within one year after the among of his distributive share or accumulated  
20 distributive shares equals the membership fee required by the bylaws of the  
21 cooperative, or, if no membership fee is required, within two years after the  
22 declaration of any such patronage refund, he shall cease to be entitled to such share  
23 or shares, which shall in such case, be paid into the education fund of the  
24 cooperative.]; AND

25 (7) TO FUND OTHER PURPOSES AS APPROVED BY A VOTE OF THE BOARD  
26 OF DIRECTORS.

27 (D) THE BOARD OF DIRECTORS SHALL HAVE THE SOLE AUTHORITY TO  
28 DETERMINE THE FISCAL YEAR OR YEARS AND THE MANNER IN WHICH PATRONAGE  
29 CREDITS WILL BE REFUNDED.

30 (E) Nothing [herein contained] IN THIS SECTION shall be construed to  
31 prohibit the payment by a cooperative of all or any part of its indebtedness prior to  
32 the date when the same shall become due.

33 [24.] 25. Disposition of property.

34 (a) Execution of mortgages, deeds of trust or pledges. -- The board of directors  
35 of a cooperative shall have full power and authority, without authorization by the  
36 members thereof, to authorize the execution and delivery of a mortgage or mortgages  
37 or a deed or deeds of trust of, or the pledging or encumbering of, any or all of the  
38 property, assets, rights, privileges, licenses, franchises and permits of the cooperative,  
39 whether acquired or to be acquired, and wherever situated, as well as the revenues  
40 and income therefrom, all upon such conditions as the board of directors shall  
41 determine, to secure any indebtedness of the cooperative to the United States of  
42 America, to any agency or instrumentality thereof, to a national financing institution,

1 organized on a cooperative plan for the purpose of financing its members' programs,  
2 projects and undertakings, in which the cooperative holds membership, or to any  
3 other financing institution, and provided further that such loans shall not be subject  
4 to the provisions of § 4-106(b) of the Real Property Article of the Code.

5 (b) Authority of members. -- A cooperative may not otherwise sell, lease or  
6 otherwise dispose of all or a substantial portion of its property unless such sale, lease  
7 or other disposition is authorized at a meeting of the members thereof by the  
8 affirmative vote of not less than a majority of all the members of the cooperative; and  
9 unless the notice of such proposed sale, lease or other disposition shall have been  
10 contained in the notice of the meeting; provided, however, that notwithstanding any  
11 other provisions of this act, or any other provision of law, the board of directors may,  
12 upon the authorization of a majority of those members of the cooperative present at a  
13 meeting of the members thereof, sell, lease or otherwise dispose of all or a substantial  
14 portion of its property to another cooperative or a foreign corporation doing business  
15 in this State pursuant to this act or to the holder or holders of any notes, bonds or  
16 other evidences of indebtedness of the cooperative issued to the United States of  
17 America or any agency or instrumentality thereof.

18 [25.] 26. Nonliability of members for debts of cooperative.

19 No member shall be liable or responsible for any debts of the cooperative and the  
20 property of the members shall not be subject to execution therefor.

21 [26.] 27. Recordation of mortgages, deeds of trust or other instruments.

22 Any mortgage, deed of trust or other instrument executed by a cooperative or  
23 foreign corporation doing business in this State pursuant to this act which affects real  
24 and personal property and which is recorded in the real property records in any  
25 county in which such property is located or is to be located, shall have the same force  
26 and effect as if the mortgage, deed of trust or other instrument were also recorded,  
27 filed or indexed as provided by law in the proper office in such county as a mortgage  
28 of personal property. All after-acquired property of such cooperative or foreign  
29 corporation described or referred to as being mortgaged or pledged in any such  
30 mortgage, deed of trust or other instrument, shall become subject to the lien thereof  
31 immediately upon the acquisition of such property by such cooperative or foreign  
32 corporation, whether or not such property was in existence at the time of the  
33 execution of such mortgage, deed of trust or other instrument. Recordation of any  
34 such mortgage, deed of trust or other instrument shall constitute notice and  
35 otherwise have the same effect with respect to such after-acquired property as it has  
36 under the laws relating to recordation, with respect to property owned by such  
37 cooperative or foreign corporation at the time of the execution of such mortgage, deed  
38 of trust or other instrument and therein described or referred to as being mortgaged  
39 or pledged thereby. The lien upon personal property of any such mortgage, deed of  
40 trust or other instrument shall, after recordation thereof, continue in existence and of  
41 record for the period of time specified therein without the refileing thereof or the filing  
42 of any removal certificate, affidavit or other supplemental information required by  
43 the laws relating to the renewal, maintenance or extension of liens upon personal  
44 property.

1 [27.] 28. Directors, officers and members not disqualified to take acknowledgements.

2 No person who is authorized to take acknowledgments under the laws of this  
3 State shall be disqualified from taking acknowledgments of instruments executed in  
4 favor of a cooperative or to which it is a party, by reason of being an officer, director or  
5 member of such cooperative.

6 [28.] 29. Filing fees.

7 The STATE Department of Assessments and Taxation shall charge and collect  
8 [for:

9 (a) Filing articles of incorporation, ten dollars (\$10);

10 (b) Filing articles of amendment, ten dollars (\$10);

11 (c) Filing articles of consolidation or merger, ten dollars (\$10);

12 (d) Filing articles of conversion, ten dollars (\$10);

13 (e) Filing certificates of election to dissolve, ten dollars (\$10);

14 (f) Filing articles of dissolution, ten dollars (\$10); and

15 (g) Filing certificates of change of principal office, or of name or address of  
16 resident agent, two dollars (\$2).] FEES FOR RECORDING AND FILING CORPORATE  
17 DOCUMENTS AS PROVIDED IN § 1-203 OF THE CORPORATIONS AND ASSOCIATIONS  
18 ARTICLE.

19 [29.] 30. License fees; exemption from excise and income taxes.

20 Each cooperative and each foreign corporation doing business in this State  
21 pursuant to this act shall pay annually, on or before the first day of July, to the STATE  
22 Department of Assessments and Taxation, a fee of ten dollars (\$10), but shall be  
23 exempt from all other excise and income taxes whatsoever.

24 [30. Protection of cooperative's territory.

25 (a) On temporary organization. -- Whenever a cooperative or a group of  
26 persons which has formed a temporary organization with the intention of forming a  
27 cooperative or a foreign corporation transacting business in this State pursuant to  
28 this act, (herein called the "filing corporation"), shall file with the Maryland Public  
29 Service Commission (hereinafter called the "Commission") a map or maps indicating  
30 the area or areas in which the operations of said filing corporation are intended to be  
31 conducted, together with a statement verified by oath or affirmation to the effect that  
32 a majority of the potential users of electric energy, not then receiving central station  
33 electric service in said area or areas, have signified in writing their willingness to  
34 take service from the proposed system of said filing corporation it shall be unlawful  
35 for an electric utility, power and light company, person or corporation, after receipt of  
36 any notice as hereafter provided by the filing of said map or maps and statement, to

1 begin the construction of any electric distribution lines within said area or areas or to  
2 solicit customers for electric service therein or in any manner to conflict, interfere or  
3 compete with the proposed system of said filing corporation, until after the expiration  
4 of six months from the date of said filing of said map or maps and statement. The  
5 words area or areas as used herein in connection with the maps to be filed by said  
6 filing corporation shall be deemed to mean the areas which may be served in normal  
7 practice by secondary voltage extensions from the primary voltage lines indicated in  
8 said maps, which in any event shall not be less than a distance of fifteen hundred feet  
9 from either side of said primary lines.

10 (b) Entry into loan agreement with federal agency. -- In the event that said  
11 filing corporation within said six months period shall enter into any loan agreement  
12 with any federal agency for the financing of its proposed electric system, and shall file  
13 a written notice thereof with the Commission, together with a copy of said loan  
14 agreement, no such electric utility, power and light company, person or corporation  
15 after receipt of such loan agreement shall begin the construction of any electric  
16 distribution lines within said area or areas or solicit customers for electric service  
17 therein until after the expiration of twelve months from the date of filing said notice  
18 of said loan agreement.

19 (c) Commission to give notice. -- It shall be the duty of the Commission to  
20 give notice in writing of the filing of said map or maps and statement and said loan  
21 agreement to each electric utility and power and light company having any electric  
22 transmission or distribution lines or system within, or within ten miles of, any area  
23 shown in said map where said filing corporation intends to operate its proposed  
24 system. There shall be attached to said notices blueprint copies of said maps, a copy of  
25 said statement, and a copy of the notice of said loan agreement in the event that such  
26 an agreement shall have been entered into, sufficient copies for the purpose of such  
27 notices shall be furnished to the Commission by and at the expense of the filing  
28 corporation. The filing corporation may give the notices required by subsections (a)  
29 and (b) hereof and such notices shall be effectual for the purposes of this act  
30 notwithstanding any failure of the Commission to give the notices herein provided for.  
31 Any notice shall be deemed to have been given within the requirements of this act  
32 when it has been deposited in the mails with postage prepaid and addressed to the  
33 principal office of any said electric utility, power and light company, person or  
34 corporation.

35 (d) Rules of Commission to carry out provisions. -- The Commission is hereby  
36 authorized to make and promulgate reasonable rules and regulations to carry out the  
37 provisions of this section and to take appropriate action for the enforcement thereof,  
38 including proceedings for injunctions against violation thereof, instigated in the name  
39 of the Commission and upon its own motion; provided that these powers and remedies  
40 shall be in addition to all other remedies provided herein or that may exist under  
41 general provisions or rules of law.

42 (e) Injunction against violation of section. -- Any filing corporation may  
43 institute proceedings to enjoin any violations of this section in the circuit court for any  
44 county where said filing corporation may have its principal place of business or where  
45 any such violations are alleged to take place, or to be threatened, and such

1 proceedings may be on the relation of the Attorney General or the State's attorney of  
2 any county in which any portion of the proposed collective system of said filing  
3 corporation may be located. It shall be the duty of said officers to prosecute and to  
4 assist in the prosecution of said proceedings. For the enforcement of this section the  
5 said circuit court, or the circuit judge in vacation, may exercise all the powers now or  
6 hereafter existing under the laws of this State in proceedings for injunctive relief,  
7 including temporary restraining orders. In any proceedings instituted by the  
8 Commission on its own motion or by petition signed by the Attorney General or any  
9 State's attorney, as herein provided, no bond shall be required as a condition of the  
10 issuance of any restraining order or injunction.

11 (f) Copy of statement as evidence. -- In any proceeding for the enforcement of  
12 this section a certified copy of the statement mentioned in subsection (a) hereof shall  
13 be admitted in evidence and shall be presumed to be prima facie proof of the verity  
14 and accuracy of all statements therein required by the provisions of said subsection  
15 (a) and the burden of proof shall be upon any defendant in any such proceeding to  
16 rebut said presumption by a clear preponderance of the evidence.

17 (g) Right to require supply of electric energy suspended. -- During the periods  
18 of six and twelve months respectively as provided in subsections (a) and (b) hereof, no  
19 person, firm, association or corporation shall have the right to require any electric  
20 utility or electric light and power company to supply electric energy within the area or  
21 areas indicated upon said maps within which the filing corporation proposes to  
22 operate and no action shall be brought or maintained in any court for damages for  
23 failure to supply such electric energy within said periods of six and twelve months  
24 respectively or within a reasonable time thereafter; provided that the provisions of  
25 this section shall not be deemed to apply to any valid and enforceable contracts in  
26 writing for electric service subsisting at the time of receipt by any party to such  
27 contracts of any notice of filing said maps and statements provided for in subsection  
28 (a) hereof.

29 (h) Not applicable to furnishing electric energy to certain enterprises. -- This  
30 section shall not apply to the furnishing of electric energy to manufacturing,  
31 processing or industrial enterprises or to buildings necessary and appropriate to the  
32 operation of said enterprise, including residences, nor to the solicitation of such  
33 electric service, nor to the construction of through high voltage transmission lines not  
34 intended to serve individual rural customers in the area or areas shown on said maps;  
35 provided that nothing in this section contained shall be construed as restricting the  
36 right of a filing corporation to serve manufacturing, processing or industrial  
37 enterprises.]

38 31. Exemption of evidences of indebtedness, membership certificates and other  
39 securities from registration provisions.

40 The provisions of [ §§ 11-301 and 11-401 through 11-404 ] § 11-501 of the  
41 corporations and associations article shall not apply to any note, bond or other  
42 evidence of indebtedness issued by any cooperative or foreign corporation doing  
43 business in this State pursuant to this act to the United States of America or any  
44 agency or instrumentality thereof, or to any mortgage, deed of trust or other

1 instrument executed to secure the same. The provisions of said sections shall not  
2 apply to the issuance of membership certificates by any cooperative or any such  
3 foreign corporation.

4 32. Construction of act.

5 This act shall be construed liberally. The enumeration of any object, purpose,  
6 power, manner, method, or thing shall not be deemed to exclude like or similar  
7 objects, purposes, powers, manners, methods or things.

8 REVISOR'S NOTE: The Commission to revise the Annotated Code proposes  
9 that the "Electric Cooperative Act," present Article 23, §§ 379 through 411,  
10 be decodified and transferred to the Session Laws. This proposal is made  
11 after research revealed that:

12 1. There are only two Maryland electric cooperatives organized under  
13 the Act and two foreign electric cooperatives doing business in  
14 Maryland. Together they account for less than 3 percent of the total  
15 electricity in this State.

16 2. Historically, the electric cooperative was a response to the Federal  
17 Rural Electrification Act of 1936, authorizing 2 percent loans to those  
18 who would provide electricity to rural areas not already electrified.  
19 However, since Maryland is now divided into service areas by the  
20 Public Service Commission and since every area is served by an  
21 electric company, there appears to be no likelihood of a further  
22 electric cooperative forming in Maryland.

23 3. Since passage of the Electric Cooperative Act in 1941, there have  
24 been only two amendments to the Act, both to § 402, dealing with  
25 deeds of trust and investments. Other than these amendments, the  
26 Act has remained untouched for 34 years.

27 The Maryland Public Service Commission and Department of Assessments  
28 and Taxation agreed to the decodification, and the attorneys for the two  
29 Maryland electric cooperatives also expressed no objections to the Act's  
30 decodification.

31 SECTION 2. AND BE IT FURTHER ENACTED, That the Revisor's Note  
32 contained in this Act is not law and may not be considered to have been enacted as  
33 part of this Act.

34 SECTION 2. AND BE IT FURTHER ENACTED, That, on or before January 1,  
35 2001, the Department of Legislative Services shall prepare draft legislation that  
36 provides a nonsubstantive revision of Chapter 179 of the Acts of the General  
37 Assembly of 1976, and transfers Chapter 179 of the Acts of the General Assembly of  
38 1976 from the Session Laws to the Annotated Code of Maryland.

39 SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall  
40 take effect October 1, 2000.

1 SECTION 4. AND BE IT FURTHER ENACTED, That, except as provided in  
2 Section 3 of this Act, this Act shall take effect June 1, 2000.