HOUSE BILL 227

C1, C5 HB 487/24 – ECM

(PRE-FILED)

5lr1030 CF SB 561

By: Delegates Adams and Crosby

Requested: October 1, 2024 Introduced and read first time: January 8, 2025 Assigned to: Economic Matters

Committee Report: Favorable House action: Adopted Read second time: February 11, 2025

CHAPTER _____

1 AN ACT concerning

2 Corporations and Associations – Electric Cooperatives – Nonescheat Capital 3 Credits

FOR the purpose of providing that certain unclaimed money held by an electric cooperative and due to a past member is not considered abandoned property; authorizing an electric cooperative to use this money only for certain purposes; and generally relating to electric cooperatives and nonescheat capital credits.

- 8 BY repealing and reenacting, without amendments,
- 9 Article Commercial Law
- 10 Section 17–304(b)
- 11 Annotated Code of Maryland
- 12 (2013 Replacement Volume and 2024 Supplement)
- 13 BY repealing and reenacting, with amendments,
- 14 Article Commercial Law
- 15 Section 17–304(g)
- 16 Annotated Code of Maryland
- 17 (2013 Replacement Volume and 2024 Supplement)
- 18 BY repealing and reenacting, without amendments,
- 19 Article Corporations and Associations
- 20 Section 5–601(a) and (c) and 5–605
- 21 Annotated Code of Maryland

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

<u>Underlining</u> indicates amendments to bill.

Strike out indicates matter stricken from the bill by amendment or deleted from the law by amendment.



	2	HOUSE BILL 227
1	(2014	Replacement Volume and 2024 Supplement)
$2 \\ 3 \\ 4 \\ 5 \\ 6$	Sectio Annot	o e – Corporations and Associations on 5–650.1 tated Code of Maryland Replacement Volume and 2024 Supplement)
7 8		TION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, ws of Maryland read as follows:
9	Article – Commercial Law	
10	17–304.	
$11 \\ 12 \\ 13 \\ 14$	or to a shar	Any stock or other certificate of ownership, or any dividend, profit, interest, payment on principal, or other sum held by a business association for reholder, certificate holder, member, bondholder or other security holder, or g patron of a cooperative is presumed abandoned 3 years after the later of:
$\begin{array}{c} 15\\ 16 \end{array}$	owner of the	(1) The date the holder is deemed to no longer have a valid address for the property; or
17 18	regarding th	(2) The date the owner last communicated with the business association as property if:
19 20	or created in	(i) It is held by a business association organized under the laws of a this State;
$21 \\ 22 \\ 23$	•	(ii) It is held by a business association doing business in this State nized under the laws of this State, and the records of the business association t the last known address of the person entitled to it is in this State; or
$24 \\ 25 \\ 26$		(iii) It is held by a business association not doing business in this not organized under the laws of this State, but the records of the business indicate that the last known address of the person entitled to it is in this State.
27	(g)	This section does not apply to [any]:
28 29 30 31 32	as a result of	(1) ANY stock or other intangible ownership interest enrolled in a plan that the automatic reinvestment of dividends, distributions, or other sums payable of the interest unless the records available to the Administrator of the plan respect to any intangible ownership interest not enrolled in the reinvestment
33 34	owner of the	[(1)] (I) The holder is deemed to no longer have a valid address for the stock or other intangible ownership interest; or

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1 2	[(2)] (II) The owner has not within 3 years communicated in any manner described in subsection (c)(2) of this section; OR
$\frac{3}{4}$	(2) NONESCHEAT CAPITAL CREDITS, AS DEFINED IN § 5–650.1 OF THE CORPORATIONS AND ASSOCIATIONS ARTICLE.
5	Article – Corporations and Associations
6	5-601.
7	(a) In this subtitle the following words have the meanings indicated.
8	(c) "Cooperative" means a corporation that:
9	(1) Is organized under this subtitle; or
10	(2) Becomes subject to this subtitle in the manner provided in this subtitle.
11	5-605.
$\begin{array}{c} 12\\ 13 \end{array}$	A cooperative, nonprofit, membership corporation may be organized under this subtitle for the purpose of supplying, promoting, and extending the use of electricity.
14	5-650.1.
15	(A) IN THIS SECTION, "NONESCHEAT CAPITAL CREDITS" MEANS MONEY:
16 17 18 19	(1) DUE TO ANY PAST MEMBER OF A COOPERATIVE IN RETIREMENT OF CAPITAL ALLOCATED ON A PATRONAGE BASIS TO THE ACCOUNT OF THE PAST MEMBER FOR AMOUNTS RECEIVED AND RECEIVABLE BY THE COOPERATIVE IN EXCESS OF OPERATING COSTS AND EXPENSES;
$\begin{array}{c} 20\\ 21 \end{array}$	(2) FOR WHICH AT LEAST 5 YEARS HAVE PASSED SINCE THE CREDITS WERE RETIRED; AND
22	(3) THAT HAS NOT BEEN CLAIMED BY THE PAST MEMBER.
23	(B) A COOPERATIVE MAY USE NONESCHEAT CAPITAL CREDITS ONLY TO:
$24 \\ 25 \\ 26$	(1) ASSIST MEMBERS OF THE COOPERATIVE IN ACCORDANCE WITH THE POWERS GRANTED TO THE COOPERATIVE UNDER § 5–607 OF THIS SUBTITLE; OR

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1 (2) MAKE DONATIONS TO NONPROFIT, CHARITABLE ORGANIZATIONS 2 APPROVED BY THE COOPERATIVE'S BOARD OF DIRECTORS.

3 (C) NOTHING IN THIS SECTION MAY BE CONSTRUED TO RELIEVE A 4 COOPERATIVE OF THE OBLIGATION TO REFUND NONESCHEAT CAPITAL CREDITS ON 5 APPLICATION OF A PAST MEMBER.

6 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect 7 October 1, 2025.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.