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January 31, 2025

The Honorable William C. Smith, Jr.
Judicial Proceedings Committee
2 East Miller Senate Office Building
Annapolis, MD 21401

Re: Support for SB 561 - Corporations and Associations - Electric Cooperatives - Nonescheat Capital Credits

Dear Chair Smith and Members of the Committee:

Choptank Electric Cooperative supports **SB 561**, legislation sponsored by **Sen. Steve Hershey and Sen. Johnny Mautz** to permit electric cooperatives to better serve their members using nonescheat capital credits.

SB 561 defines “nonescheat capital credits” as money (1) due to any past member of an electric 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; (2) for which at least five years have passed since the credits were retired; and (3) that has not been claimed by the past member.

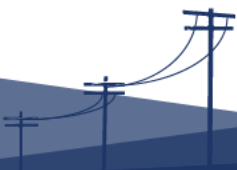
An electric cooperative may use nonescheat capital credits only to (1) assist members of the cooperative pursuant to the powers granted to the cooperative under the applicable statute or (2) make donations to nonprofit, charitable organizations approved by the cooperative’s board of directors. Choptank Electric Cooperative has been part of the rural community on the Eastern Shore for 85 years with a long-standing record of investing, donating, and partnering with various organizations.

This bill does not relieve an electric cooperative of the obligation to refund nonescheat capital credits on application of a past member.

Passage of **SB 561** would streamline the effort of electric cooperatives to serve members and reliably distribute energy in rural areas while keeping rates as low as possible for the members who own and invest in the cooperative. Passage would align us with cooperatives in 37 other states.

The Committee favorably reported the identical bill in 2024. We urge a favorable report on **SB 561**.

For more information contact Matt Tefteau at matthewt@choptankelectric.coop or Valerie Connelly at valeriec@choptankelectric.coop.



Members First. Every Day.