

SENATE BILL 65
EMERGENCY BILL

Unofficial Copy
C5
SB 595/98 - FIN

1999 Regular Session
9lr0735
CF 9lr0736

(PRE-FILED)

By: **Senator Miller and the President (Administration)**

Requested: November 20, 1998

Introduced and read first time: January 13, 1999

Assigned to: Finance

Committee Report: Favorable

Senate action: Adopted

Read second time: January 21, 1999

CHAPTER _____

1 AN ACT concerning

2 **Public Service Companies - Holding Companies**

3 FOR the purpose of exempting the formation of certain holding companies by public
4 service companies in a certain manner from certain restrictions on the holding
5 and acquisition of stock of and by public service companies; and making this Act
6 an emergency measure.

7 BY repealing and reenacting, with amendments,
8 Article - Public Utility Companies
9 Section 6-101(c)
10 Annotated Code of Maryland
11 (1998 Volume)

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

14 **Article - Public Utility Companies**

15 6-101.

16 (c) (1) THIS SUBSECTION DOES NOT APPLY TO THE FORMATION OF A
17 HOLDING COMPANY BY A PUBLIC SERVICE COMPANY IN A CORPORATE
18 REORGANIZATION THAT INVOLVES AN EXCHANGE OF STOCK OF THE PUBLIC
19 SERVICE COMPANY FOR STOCK IN THE HOLDING COMPANY.

1 [(1)] (2) In this subsection, a company controlling a public service
2 company is deemed a public service company of the same class as the controlled
3 public service company.

4 [(2)] (3) Without prior authorization of the Commission, a public service
5 company may not take, hold, or acquire any part of the capital stock of a public service
6 company that is:

7 (i) incorporated in Maryland; and

8 (ii) of the same class as the acquiring company.

9 [(3)] (4) (i) Except as provided in subparagraph (ii) of this paragraph,
10 a stock corporation may not take, hold, or acquire more than 10% of the total capital
11 stock of a public service company incorporated in Maryland unless:

12 1. the stock is acquired as collateral security; and

13 2. the Commission approves the acquisition.

14 (ii) The Commission may authorize a public service company of the
15 same class to take, hold, or acquire more than 10% of the total capital stock of a public
16 service company incorporated in Maryland.

17 [(4)] (5) A public service company may not be a party to a violation of
18 this subsection.

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act is an
20 emergency measure, is necessary for the immediate preservation of the public health
21 and safety, has been passed by a ye and nay vote supported by three-fifths of all the
22 members elected to each of the two Houses of the General Assembly, and shall take
23 effect from the date it is enacted.