

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

Senate Bill 65 (Senator Miller and the President)
(Administration)

Finance

Public Service Companies - Holding Companies

This emergency Administration bill allows a public service company to form a holding company in a corporate reorganization that involves an exchange of stock of the public service company for stock in the holding company.

Fiscal Summary

State Effect: None. This bill does not place any additional requirements on the Public Service Commission.

Local Effect: None.

Small Business Effect: A small business impact statement was not provided by the Administration in time for inclusion in this fiscal note. A revised fiscal note will be issued when the Administration's assessment becomes available. However, the Department of Legislative Services has determined that this bill could minimally affect small business as a result of increased competition from Baltimore Gas & Electric (BG&E).

Fiscal Analysis

Small Business Effect: Currently, BG&E is the only public service company affected by this bill. BG&E is already competing in several non-regulated industries (e.g., power generation, financial investments, real estate, senior-living facilities, electric and gas appliances, home improvements, heating and air-conditioning systems, natural gas brokering, and customized energy services). Under a holding company structure BG&E may be able to

compete more efficiently in those markets and may choose to enter new non-regulated markets. As a consequence, small firms operating in those markets could face increased competition from BG&E. For example, small heating and air-conditioning companies are concerned that BG&E will allow the holding company to subsidize its affiliates which compete directly with them.

Information Sources: Public Service Commission, Department of Assessments and Taxation

Fiscal Note History: First Reader - January 15, 1999

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