

Department of Legislative Services

Maryland General Assembly

2002 Session

FISCAL NOTE

Revised

House Bill 153 (The Speaker) (Department of Legislative Services)

Environmental Matters

Finance

Electric Cooperatives

This Code Revision bill revises, restates, and recodifies current laws relating to electric cooperatives, and includes provisions relating to the naming of electric cooperatives, the governance and continued validity of specified security instruments, and the effect, construction, and application of provisions of this Act.

Fiscal Summary

State Effect: None. This bill recodifies specified existing laws with minimal substantive change. Any changes to existing laws impinging upon substance are not expected to materially affect State operations or finances.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: This bill revises, restates, and recodifies Chapter 179 of 1976 relating to electric cooperatives. Passage of this bill will transfer the nonsubstantive revision from Session Laws to the Annotated Code of Maryland.

Background: In addition to making changes to the Session Laws governing the formation and operation of electric cooperatives, Chapter 604 of 2001 contains uncodified language requiring the Department of Legislative Services to prepare a bill to revise, restate, and codify the laws relating to electric cooperatives. Some of the changes

in Chapter 604 include eliminating antiquated provisions, updating provisions to reflect current business practices, and making technical corrections.

Chapter 179 of 1976, the proposal to decodify and transfer to Session Laws the “Electric Cooperative Act,” present Article 23, §§ 379 through 411, was made after research revealed that:

- there are only two Maryland electric cooperatives organized under the Act and two foreign electric cooperatives doing business in Maryland which together account for less than 3% of the total electricity in this State;
- historically, the electric cooperative was a response to the Federal Rural Electrification Act of 1936, authorizing 2% loans to those who would provide electricity to rural areas not already electrified. However, since Maryland is now divided into service areas by the Public Service Commission, and since every area is served by an electric company, there appears to be no likelihood of a further electric cooperative forming in Maryland; and
- since passage of the Electric Cooperative Act in 1941, there have been only two amendments to the Act, both to § 402, dealing with deeds of trust and investments. Other than these amendments, the Act has remained untouched for 34 years.

The Maryland Public Service Commission and State Department of Assessments and Taxation agreed to the decodification, and the attorneys for the two Maryland electric cooperatives also expressed no objections to the Act’s decodification.

Additional Comments: A revision sometimes must touch on the substance of the law. Every effort is made to ensure that a proposed revision conforms as nearly as possible to the intent of the General Assembly. The basic thrust of the revision is formal; the primary purposes of the work are modernization and clarification, not creation of new law or policy. This recodification was suggested by the electric cooperatives for the purpose of allowing the law to be updated as necessary to reflect changes that may be realized in the future for the governance of electric cooperatives.

Additional Information

Prior Introductions: None.

Cross File: SB 129 (The President) (Department of Legislative Services) – Finance.

Information Source(s): Department of Legislative Services

Fiscal Note History: First Reader - January 21, 2002
ncs/jr Revised - House Third Reader - March 19, 2002

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