
By: **Delegates O'Donnell and Owings**
Introduced and read first time: February 13, 2004
Assigned to: Environmental Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Calvert County - Conversion of a Nonprofit Organization to a Sanitary**
3 **District**

4 FOR the purpose of providing that a certain nonprofit organization established for
5 operating a public water system in Calvert County may petition the Secretary of
6 the Environment to convert to a sanitary district; providing that a vote on a
7 certain petition shall be conducted in a certain manner; specifying the contents
8 of a certain petition; requiring the Secretary to file a certain notice of conversion
9 with the State Department of Assessments and Taxation under certain
10 circumstances; providing that a certain nonprofit organization shall cease to
11 exist and all assets, liabilities, and the bylaws of the nonprofit organization
12 shall become the assets, liabilities, and bylaws of a certain sanitary district;
13 providing for the membership, terms, and duties of a certain sanitary
14 commission; requiring a certain sanitary commission to sign certain articles of
15 incorporation and file them with the State Department of Assessments and
16 Taxation; requiring the State Department of Assessments and Taxation to
17 receive certain articles of incorporation, mark the date and time of receipt on the
18 articles of incorporation, and issue a certain certificate of approval under certain
19 circumstances; providing that the name of a certain nonprofit organization and
20 certain trade names shall remain in the name of a certain sanitary district until
21 changed by a certain order under certain circumstances; providing that all
22 rights, property, and existing obligations of a certain nonprofit organization
23 shall become the rights, property, and obligations of a certain sanitary district;
24 providing that title to certain property shall be vested in a certain sanitary
25 district and no reversion or impairment of ownership rights shall be caused by a
26 certain conversion; providing that the rights of a certain creditor may not be
27 impaired without the creditor's consent under certain circumstances; providing
28 that a certain sanitary district shall have the powers and duties of certain other
29 sanitary districts; stating the intent of the General Assembly; providing for the
30 termination of this Act; and generally relating to the conversion of a nonprofit
31 organization established for operating a public water system in Calvert County
32 to a sanitary district.

33 BY adding to
34 Article - Environment

1 Section 9-619
2 Annotated Code of Maryland
3 (1996 Replacement Volume and 2003 Supplement)

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

6 **Article - Environment**

7 9-619.

8 (A) (1) NOTWITHSTANDING ANY CONTRARY PROVISION OF LAW, A
9 NONPROFIT ORGANIZATION INCORPORATED IN THE STATE AND ESTABLISHED FOR
10 THE PURPOSE OF OPERATING A PUBLIC WATER SYSTEM IN CALVERT COUNTY MAY
11 PETITION THE SECRETARY TO CONVERT TO A DISTRICT UNDER THIS SUBTITLE.

12 (2) A DISTRICT CREATED UNDER THIS SECTION MAY OPERATE IN ONE
13 OR MORE COUNTIES.

14 (B) THE VOTE ON A PETITION BY THE MEMBERS OF THE NONPROFIT
15 ORGANIZATION TO CONVERT TO A DISTRICT UNDER THIS SECTION SHALL BE
16 CONDUCTED IN THE MANNER PROVIDED FOR IN THE CORPORATE BYLAWS OF THE
17 NONPROFIT ORGANIZATION.

18 (C) A PETITION TO CONVERT A NONPROFIT ORGANIZATION TO A DISTRICT
19 SHALL CONTAIN:

20 (1) A RESOLUTION ADOPTED BY A VOTE OF THE MEMBERS AND SIGNED
21 BY THE OFFICERS OF THE NONPROFIT ORGANIZATION APPROVING THE NECESSARY
22 CHANGES OF BYLAWS, AMENDMENTS TO ARTICLES, DISSOLUTION OF THE
23 NONPROFIT ORGANIZATION, AND FORMATION OF THE DISTRICT;

24 (2) A PROVISION THAT DESIGNATES THE SERVICE AREA OF THE
25 NONPROFIT ORGANIZATION AS THE SERVICE AREA OF THE DISTRICT; AND

26 (3) ARTICLES OF INCORPORATION THAT CONTAIN:

27 (I) THE NAME OF THE DISTRICT, USING THE WORD "DISTRICT";

28 (II) A STATEMENT THAT THE DISTRICT IS FORMED UNDER THIS
29 SUBTITLE;

30 (III) THE NAME, ADDRESS, AND TERM OF OFFICE OF EACH OF THE
31 INITIAL SANITARY COMMISSIONERS OF THE DISTRICT; AND

32 (IV) THE PURPOSES FOR WHICH THE DISTRICT IS CREATED.

33 (D) (1) ON FINAL APPROVAL OF THE PETITION BY THE SECRETARY, THE
34 SECRETARY OF THE NONPROFIT ORGANIZATION SHALL FILE A NOTICE OF
35 CONVERSION WITH THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION.

1 (2) ON FILING THE NOTICE OF CONVERSION WITH THE STATE
2 DEPARTMENT OF ASSESSMENTS AND TAXATION:

3 (I) THE NONPROFIT ORGANIZATION SHALL CEASE TO EXIST AND
4 ALL ASSETS AND LIABILITIES OF THE NONPROFIT ORGANIZATION SHALL BECOME
5 THE ASSETS AND LIABILITIES OF THE NEWLY ORGANIZED DISTRICT WITHOUT
6 FURTHER MEETINGS, VOTING, NOTICE TO CREDITORS, OR OTHER ACTIONS BY THE
7 MEMBERS OF THE NONPROFIT ORGANIZATION; AND

8 (II) THE BYLAWS OF THE NONPROFIT ORGANIZATION SHALL
9 BECOME THE BYLAWS OF THE DISTRICT UNTIL CHANGED BY AN ORDER OF THE
10 SANITARY COMMISSION OF THE DISTRICT.

11 (E) (1) (I) THE DISTRICT SHALL BE GOVERNED BY A SANITARY
12 COMMISSION.

13 (II) THE SANITARY COMMISSION SHALL CONSIST OF NINE
14 COMMISSIONERS WHO RESIDE IN THE SERVICE AREA AND ARE CUSTOMERS OF THE
15 PUBLIC WATER SYSTEM.

16 (2) (I) THE COMMISSIONERS, INCLUDING THE INITIAL
17 COMMISSIONERS, SHALL BE ELECTED BY THE INDIVIDUALS WHO RESIDE IN THE
18 SERVICE AREA AND WHO ARE CUSTOMERS OF THE PUBLIC WATER SYSTEM.

19 (II) THE NONPROFIT ORGANIZATION SHALL CONDUCT THE
20 ELECTION OF ITS INITIAL COMMISSIONERS.

21 (3) THE COMMISSIONERS SHALL SERVE IN ACCORDANCE WITH THE
22 TERMS AND CONDITIONS OF THE BYLAWS OF THE DISTRICT.

23 (F) (1) THE COMMISSIONERS SHALL SIGN THE ARTICLES OF
24 INCORPORATION AND FILE THE ARTICLES OF INCORPORATION WITH THE STATE
25 DEPARTMENT OF ASSESSMENTS AND TAXATION.

26 (2) THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION SHALL:

27 (I) RECEIVE THE ARTICLES OF INCORPORATION;

28 (II) MARK THE DATE AND TIME OF RECEIPT OF THE ARTICLES OF
29 INCORPORATION; AND

30 (III) ISSUE A CERTIFICATE OF APPROVAL FOR ANY ARTICLES OF
31 INCORPORATION THAT COMPLY WITH THIS SUBTITLE.

32 (G) (1) THE NAME OF THE NONPROFIT ORGANIZATION AND ALL TRADE
33 NAMES SHALL REMAIN IN THE NAME OF THE NEWLY FORMED DISTRICT UNTIL
34 CHANGED BY AN ORDER OF THE SANITARY COMMISSION.

35 (2) ALL RIGHTS AND PROPERTY OF THE NONPROFIT ORGANIZATION
36 SHALL BECOME THE RIGHTS AND PROPERTY OF THE NEWLY FORMED DISTRICT AND

1 THE DISTRICT SHALL BE RESPONSIBLE FOR ALL THE EXISTING OBLIGATIONS OF THE
2 NONPROFIT ORGANIZATION.

3 (3) TITLE TO ANY PROPERTY OF THE NONPROFIT ORGANIZATION SHALL
4 BE VESTED IN THE NEWLY FORMED DISTRICT AND NO REVERSION OR IMPAIRMENT
5 OF OWNERSHIP RIGHTS SHALL BE CAUSED BY THE CONVERSION TO A DISTRICT.

6 (4) THE RIGHT OF ANY CREDITOR MAY NOT BE IMPAIRED BY THIS
7 SECTION WITHOUT THE CREDITOR'S CONSENT.

8 (H) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE NEW DISTRICT
9 SHALL HAVE ALL THE POWERS AND DUTIES OF A DISTRICT AS PROVIDED UNDER
10 THIS SUBTITLE.

11 SECTION 2. AND BE IT FURTHER ENACTED, That it is the intent of the
12 General Assembly that all property, assets, liabilities, duties, processes, permits, and
13 proceedings of a nonprofit organization that converts to a sanitary district under this
14 Act be continued as the property, assets, liabilities, duties, processes, permits, and
15 proceedings of the sanitary district until altered by the sanitary commission.

16 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
17 July 1, 2004. It shall remain effective for a period of 2 years and, at the end of June
18 30, 2006, with no further action required by the General Assembly, this Act shall be
19 abrogated and of no further force and effect.