



Maryland Legislative Action Committee
The Legislative Voice of Maryland Community Association Homeowners

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March 20, 2023

Hon. Senator William C. Smith, Jr., Chair
Hon. Senator Jeff Waldstreicher, Vice Chair
Hon. Senator Stephen Hershey, Sponsor
Judicial Proceedings Committee
2 East
Miller Senate Office Building
Annapolis, MD 21401

Re: SB 956 - Corporations and Associations – Cooperatives – Nonescheat Capital Credits

Hearing: March 21, 2023

Position: OPPOSE

Dear Chairman Barve, Vice Chairman Stein, Delegate Holmes and Committee Members:

This letter is submitted on behalf of the Maryland Legislative Action Committee (“MD-LAC”) of the Community Associations Institute (“CAI”). CAI MD-LAC represents individuals and professionals who reside in, or work with, condominiums, homeowners’ associations, and cooperatives throughout the State of Maryland.

MD-LAC is writing today to voice our opposition against SB 956. In its current form, the bill unnecessarily prohibits cooperatives from solely utilizing nonescheat capital credits (1) to assist members of the cooperative, or (2) as donations to nonprofit, charitable organizations approved by the cooperative’s board of directors. Further, the bill would classify all nonescheat capital credits not expended by a cooperative within three years as abandoned property.

On page 2, lines 21-22, SB 956 includes housing cooperatives within the bill’s overly broad definition of “cooperative.” Housing cooperatives generally have contractual authority, and often

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a long course of performance, that governs nonescheat capital credits. Similar to community associations, most housing cooperatives have governing documents that clarify when and how surplus funds may be utilized. Additionally, housing cooperatives generally have procedures for the sale of interests and rights to proprietary leases. As a result, the inclusion of housing cooperatives in SB 956's definition of "cooperative" will create industry confusion and unintended negative consequences.

Accordingly, we respectfully request that the Committee give SB 956 an unfavorable report. We are available to answer any questions which you may have. Please feel free to contact any of the individuals listed: Lisa Harris Jones, CAI MD-LAC lobbyist, at 410-366-1500 or lisa.jones@mdlobbyist.com; or Steven F. Dunn, CAI MD-LAC, at 301-347-1276 or sfdunn@lercheary.com; or Steven Randol, Chair, at 410-695-2183 or MDLACChair@gmail.com.

Sincerely,



Steven F. Dunn
MD-LAC for CAI
MD-LAC for CAI



Steven Randol
Chairman

CAI is a national organization dedicated to fostering vibrant, competent, harmonious community associations for more than thirty years. Its members include community association volunteer leaders, professional managers, community management firms, and other professionals and companies that provide products and services to common interest associations. As part of its mission, CAI advocates for legislative and regulatory policies that support responsible governance and effective management. As part of this purpose state Legislative Action Committees represent CAI members before state legislatures and agencies on issues such as governance, assessments collection, insurance and construction defects.