



LEGISLATIVE POSITION:

Favorable

Senate Bill 510 – Corporations and Associations- Electric Cooperatives – Nonescheat Capital Credits

Senate Judicial Proceedings Committee

Thursday, February 15, 2024

Dear Chairman Smith and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 6,800 members and federated partners working to develop and promote strong public policy that ensures sustained economic health and growth for Maryland businesses, employees, and families.

Senate Bill 510 provides that certain unclaimed money held by an electric cooperative and due to a past member is not considered abandoned property. It authorizes an electric cooperative to use this money to assist members of the cooperative or donate to nonprofit or charitable organizations.

A cooperative's elected Board of Directors typically retires capital credits once per year. Usually, they retire the oldest credits first, getting funds back to members who have participated the longest. During this process there are sometimes members who cannot be found, likely because they have not updated their current address with the cooperative. Under current law, the cooperative must send those undistributed funds to the Comptroller of Maryland. Currently the amount of unclaimed retired credit varies from year to year. On average, it could be about \$200,000 per year.

Electric cooperative employees live and work in the communities they serve. They are dedicated to making a difference for their neighbors. The passage of SB 510 allows electric cooperatives to reinvest unclaimed credits back into the cooperative and the local communities they serve. Examples of how the funds could be used include: tree planting programs, scholarships to fund workforce development programs, apprenticeship programs and internships on the Eastern Shore, pilot projects to evaluate advanced controls to enable a more efficient move to electrification in the future (i.e., enhanced sensors for voltage regulators), line extensions or electric upgrades for youth sports fields, help members in need to pay electric bills, energy efficiency programs and electric vehicle charging incentives or infrastructure. Furthermore, SB 510 ensures that unclaimed funds target current member priorities by requiring a vote of the elected Board of the electric cooperative.

Senate Bill 510 would allow for the unclaimed funds to even further serve the community through education and workforce development programs, creating infrastructure and incentives that benefit the environment, and implement pilot programs. In addition, the passage of SB 510 would align Maryland electric cooperatives with those in 37 other states.

For these reasons, the Maryland Chamber of Commerce respectfully requests a **Favorable Report** on SB 510.

