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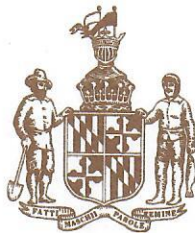
Finance Committee

Executive Nominations Committee

Rules Committee
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Joint Committee on Legislative Ethics

Legislative Policy Committee



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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

February 15, 2024

The Honorable William C. Smith, Jr.
Judicial Proceedings Committee
2 East Miller Senate Office Building

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

Dear Chairman and Members of the Committee,

Senate Bill 510 defines “nonescheat capital credits” held by an electric cooperative as specific property that is no longer presumed abandoned and allows an electric cooperative to reinvest unclaimed credits back into their communities.

Choptank Electric Cooperative is a not-for-profit electric distribution company owned and regulated by its 57,000 member customers on Maryland’s Eastern Shore. As a non-profit, Choptank will establish rates that cover the expenses of maintaining their electric distribution grid, ensuring reliability and ensuring the safety of its employees. Whenever they collect more in rates than was needed to operate the cooperative, Choptank credits those margins back to their members in the end of year allocation. Those allocated funds are used by the Cooperative to finance operations, but when no longer needed, the credits are retired, and funds are returned to its members.

The Cooperative’s elected Board of Directors typically retires capital credits once per year, the oldest first, getting funds back to members who have participated the longest. Sometimes members cannot be found, who have not updated their address with the cooperative. Under current law, the cooperative must send those undistributed funds to the Comptroller of Maryland.

Senate Bill 510 creates a nonescheat capital credit for electric cooperatives in Maryland, so that the unclaimed member funds can be maintained to assist the members of the cooperative.

I ask for your favorable consideration of Senate Bill 510.