

# **SB510-HB487 Support Letter 2024.pdf**

Uploaded by: Bill Christopher

Position: FAV



## DORCHESTER CHAMBER OF COMMERCE, INC.

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*McClain-Williamson Realty*

**Lisa Roberts Windsor**

*ZSTS Law Group*

February 8, 2024

Senate Judicial Proceedings Committee

2 East

Annapolis, MD 21401

RE: Support SB 510/HB 487 by Senator Hershey/Delegate Adams:

"Corporations and Associations - Electric Cooperatives - Nonescheat Capital Credits."

Dear Chairman Smith:

I am writing on behalf of the Board of Directors of the Dorchester Chamber of Commerce to offer our support for SB 510/HB 487.

This passage of this legislation will enable electric cooperatives in Maryland to repurpose unclaimed capital credits for the direct benefit of their members, such as enhancing member welfare and community well-being. From tree planting programs to workforce development scholarships, energy efficiency projects, and initiatives supporting electric vehicle infrastructure, the potential applications of these funds are diverse and far-reaching.

One critical aspect of SB 510/HB 487 is the mandate for the elected Board of each electric cooperative to oversee the allocation of unclaimed funds, ensuring transparency, accountability, and alignment with the collective interests of cooperative members. Moreover, the legislation stipulates a five-year holding period for retired funds before utilization, safeguarding against premature allocation and allowing for strategic investment planning.

While the amount of unclaimed retired credits may not represent a significant portion of the state's budget, its potential impact on cooperative members and local communities is profound. This proposed legislation aligns with similar practices in 37 other states, ensuring that unclaimed capital credits are utilized to support member priorities and spur community development efforts.

Thank you for your attention to this matter. Should you require any further information or clarification, please do not hesitate to contact us.

Sincerely,

William A. Christopher  
President/CEO

"To advance Dorchester County through educating, promoting and growing a strong business community."

# **SB510 Testimony Scan.pdf**

Uploaded by: Daniel Granzow

Position: FAV

**STEPHEN S. HERSHEY, JR.**  
*Legislative District 36*  
Caroline, Cecil, Kent, and  
Queen Anne's Counties

—  
MINORITY LEADER  
—

Finance Committee

Executive Nominations Committee

Rules Committee  
—

Joint Committee on Legislative Ethics

Legislative Policy Committee



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11 Bladen Street, Room 423  
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Steve.Hershey@senate.state.md.us

**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.

# **SB 510\_MDCC\_Corporations and Associations- Electri**

Uploaded by: Hannah Allen

Position: FAV



**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.



**SB 510\_Choptank Electric Cooperative\_FAV.pdf**

Uploaded by: Valerie Connelly

Position: FAV





*Electric Cooperatives  
Serving their Members  
& Local Communities*

## **SB 510 / HB 487 Corporations and Associations- Electric Cooperatives – Nonescheat Capital Credits**

*Allowing electric cooperatives to use unclaimed capital credits to benefit the members of the cooperative rather than remit to the state as abandoned property*

### **Background**

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 not-for-profit, we establish rates that cover the expenses of maintaining our electric distribution grid, ensuring reliability and providing for the safety of our employees. Whenever we collect more in rates than was needed to operate the cooperative, we credit those "margins" back to our members in an 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 members.

The cooperative's elected Board of Directors typically retires capital credits once per year. They try to 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, who have not updated their current address with the cooperative. Under current law, the cooperative must send those undistributed funds to the Comptroller of Maryland.

### **The Bill**

SB 510/HB 487 create a **Nonescheat Capital Credit** for electric cooperatives in Maryland, so that unclaimed member funds can be maintained to assist the members of the cooperative. Please support SB 510 and HB 487 for the following reasons:

- Passage of SB 510 and HB 487 allows electric cooperatives to reinvest unclaimed credits back into the cooperative and the local communities they serve.
- Choptank Electric Cooperative has been part of the rural community on the Eastern Shore for 85 years with a long-standing record of investing, donating, and partnering with various organizations.



- Electric cooperative employees live and work in the communities they serve. They are dedicated to making a difference for their neighbors.
- Choptank members value their control over the policies and investment decisions of their cooperative through their elected Board members.
- Choptank seeks to use unclaimed member-invested funds for the benefit of the cooperative members. 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 pay electric bills
  - Energy efficiency programs
  - Electric vehicle charging incentives or infrastructure
- SB 510 and HB 487 require a vote of the elected Board of the electric cooperative to determine how unclaimed funds are spent in any given year – this ensures that funds are targeted at current member priorities.
- SB 510 and HB 487 require the cooperative to hold the retired funds for 5 years before using them to assist members of the cooperative.
- SB 510 and HB 487 do not relieve a cooperative of the obligation to refund nonescheat capital credits on application of a past member.
- Unclaimed retired capital credits are not a dedicated revenue source to state funding.
- Passage of SB 510 and HB 487 aligns Maryland electric cooperatives with those in 37 other states.

For more information contact Choptank or Cornerstone Government Affairs:

Valerie Connelly at [ValerieC@choptankelectric.coop](mailto:ValerieC@choptankelectric.coop) or (443) 690-2411

Matt Tefteau at [MatthewT@choptankelectric.coop](mailto:MatthewT@choptankelectric.coop) or (410) 924-4525

Tiffany Harvey at [tHarvey@CGAgroup.com](mailto:tHarvey@CGAgroup.com) or (443) 416-4684

Bernie Marczyk at [bMarczyk@CGAgroup.com](mailto:bMarczyk@CGAgroup.com) or (202)744-8933

