SENATE BILL 510

C1, C5 4lr1493
SB 956/23 – JPR CF HB 487

By: **Senators Hershey and Mautz**
Introduced and read first time: January 24, 2024
Assigned to: Judicial Proceedings

Committee Report: Favorable
Senate action: Adopted
Read second time: February 22, 2024

CHAPTER ______

AN ACT concerning

Corporations and Associations – Electric Cooperatives – Nonescheat Capital Credits

FOR the purpose of providing that certain unclaimed money held by an electric cooperative and due to a past member is not considered abandoned property; authorizing an electric cooperative to use this money only for certain purposes; and generally relating to electric cooperatives and nonescheat capital credits.

BY repealing and reenacting, without amendments,
Article – Commercial Law
Section 17–304(b)
Annotated Code of Maryland
(2013 Replacement Volume and 2023 Supplement)

BY repealing and reenacting, with amendments,
Article – Commercial Law
Section 17–304(g)
Annotated Code of Maryland
(2013 Replacement Volume and 2023 Supplement)

BY repealing and reenacting, without amendments,
Article – Corporations and Associations
Section 5–601(a) and (c) and 5–605
Annotated Code of Maryland
(2014 Replacement Volume and 2023 Supplement)

BY adding to
Article – Corporations and Associations
Section 5–650.1
Annotated Code of Maryland
(2014 Replacement Volume and 2023 Supplement)

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

Article – Commercial Law

17–304.

(b) Any stock or other certificate of ownership, or any dividend, profit, distribution, interest, payment on principal, or other sum held by a business association for or to a shareholder, certificate holder, member, bondholder or other security holder, or participating patron of a cooperative is presumed abandoned 3 years after the later of:

(1) The date the holder is deemed to no longer have a valid address for the owner of the property; or

(2) The date the owner last communicated with the business association regarding the property if:

(i) It is held by a business association organized under the laws of or created in this State;

(ii) It is held by a business association doing business in this State but not organized under the laws of this State, and the records of the business association indicate that the last known address of the person entitled to it is in this State; or

(iii) It is held by a business association not doing business in this State and not organized under the laws of this State, but the records of the business association indicate that the last known address of the person entitled to it is in this State.

(g) This section does not apply to **[**any**]:**

(1) ANY stock or other intangible ownership interest enrolled in a plan that provides for the automatic reinvestment of dividends, distributions, or other sums payable as a result of the interest unless the records available to the Administrator of the plan show, with respect to any intangible ownership interest not enrolled in the reinvestment plan, that:

[(1)**] (I)** The holder is deemed to no longer have a valid address for the owner of the stock or other intangible ownership interest; or

[(2)] **(II)** The owner has not within 3 years communicated in any manner described in subsection (c)(2) of this section**; OR**

(2) NONESCHEAT CAPITAL CREDITS, AS DEFINED IN § 5–650.1 OF THE CORPORATIONS AND ASSOCIATIONS ARTICLE.

Article – Corporations and Associations

5–601.

(a) In this subtitle the following words have the meanings indicated.

(c) "Cooperative" means a corporation that:

(1) Is organized under this subtitle; or

(2) Becomes subject to this subtitle in the manner provided in this subtitle.

5–605.

A cooperative, nonprofit, membership corporation may be organized under this subtitle for the purpose of supplying, promoting, and extending the use of electricity.

5–650.1.

(A) IN THIS SECTION, "NONESCHEAT CAPITAL CREDITS" MEANS MONEY:

(1) DUE TO ANY PAST MEMBER OF A COOPERATIVE IN RETIREMENT OF CAPITAL ALLOCATED ON A PATRONAGE BASIS TO THE ACCOUNT OF THE PAST MEMBER FOR AMOUNTS RECEIVED AND RECEIVABLE BY THE COOPERATIVE IN EXCESS OF OPERATING COSTS AND EXPENSES;

(2) FOR WHICH AT LEAST 5 YEARS HAVE PASSED SINCE THE CREDITS WERE RETIRED; AND

(3) THAT HAS NOT BEEN CLAIMED BY THE PAST MEMBER.

(B) A COOPERATIVE MAY USE NONESCHEAT CAPITAL CREDITS ONLY TO:

(1) ASSIST MEMBERS OF THE COOPERATIVE IN ACCORDANCE WITH THE POWERS GRANTED TO THE COOPERATIVE UNDER § 5–607 OF THIS SUBTITLE; OR

(2) DONATE TO NONPROFIT, CHARITABLE ORGANIZATIONS APPROVED BY THE COOPERATIVE'S BOARD OF DIRECTORS.

(C) NOTHING IN THIS SECTION MAY BE CONSTRUED TO RELIEVE A COOPERATIVE OF THE OBLIGATION TO REFUND NONESCHEAT CAPITAL CREDITS ON APPLICATION OF A PAST MEMBER.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2024.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.