

Department of Legislative Services
Maryland General Assembly
2012 Session

FISCAL AND POLICY NOTE

House Bill 623
Economic Matters

(Delegate Haddaway-Riccio, *et al.*)

Judicial Proceedings

Corporations and Associations - Electric Cooperatives - Electronic Notices and
Voting

This bill authorizes an electric cooperative to provide notice of a meeting by electronic transmission. A person entitled to receive notice of a meeting may waive notice by electronic transmission. The bill also authorizes the cooperative's bylaws to provide that voting by a member at a meeting may be by electronic transmission if the bylaws establish the conditions under which voting by electronic transmission is allowed.

Fiscal Summary

State Effect: The bill does not directly affect governmental operations or finances.

Local Effect: The bill does not directly affect local governmental operations or finances.

Small Business Effect: Minimal.

Analysis

Current Law: Under the Corporations and Associations Article, "electronic transmission" means any form of communication, not directly involving the physical transmission of paper, that creates a record that (1) may be retained, retrieved, and reviewed by a recipient of the communication; and (2) may be reproduced directly in paper form by a recipient through an automated process.

An electric cooperative must mail notice of each meeting of the members to each member not less than 10 days or more than 90 days before the date of the meeting. The notice must state the time and place of the meeting, as well as the meeting's purpose if it is a

special meeting. A person entitled to notice may waive notice in writing either before or after the meeting. If a person entitled to notice of a meeting attends the meeting, the person's presence constitutes a waiver of notice of the meeting, unless the person's sole purpose for participating is to object to the transaction of any business because the meeting has not been legally called or convened.

Each cooperative member is entitled to one vote on each matter up for vote at a meeting of the members. Voting must be in person unless the bylaws authorize voting by proxy, mail, or both. If the bylaws authorize voting by proxy or mail, the bylaws also must establish the conditions under which these methods are allowed. A person may not vote by proxy for more than three members at any meeting of the members.

Background: An electric cooperative is a nonprofit, private business and must be governed by its consumers, meaning every consumer-member may vote to elect the cooperative's board. This is a federal requirement and true of all types of cooperatives. There are currently three electric cooperatives operating in the State.

In addition to electric cooperatives, Maryland law authorizes agricultural, consumer, and transportation cooperatives. Currently, these cooperatives are not permitted to provide notice or allow members to vote by electronic transmission.

Maryland corporations are authorized to give notice of a stockholder's meeting in writing or by electronic transmission.

Additional Information

Prior Introductions: None.

Cross File: SB 668 (Senator Mathias, *et al.*) - Judicial Proceedings.

Information Source(s): Carroll, Harford, Montgomery, and St. Mary's counties; Office of the Attorney General (Consumer Protection Division); National Rural Electric Cooperative Association; Public Service Commission; Department of Legislative Services

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mc/ljm

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