

Testimony, Full Hearing Pat Cap 3/6/19
Will Hart, Executive Director ICUA
Senate State Affairs Committee

Madam Chairwoman, Members of the Committee, my name is Will Hart, I am Executive Director and Legislative Advisor for the Idaho Consumer-Owned Utilities Association also known as "ICUA." ICUA represents 11 not-for-profit, member-owned and managed rural electric cooperatives. In addition, we are working in partnership with the Idaho Telecom Alliance which represents four not-for-profit member-owned and managed telecommunications and broadband service cooperatives serving in our state.

I am here to ask your support for SB1152 dealing with unclaimed patronage capital credits.

SB1152 replaces SB1132 which I presented to the committee last month. The new Bill includes two changes requested by the State Treasurer whom we worked closely with and were glad to accept.

As a reminder from last week, patronage capital credits represent each member's allocation of revenue over expenses in their not-for-profit, member-owned and member-managed utility cooperative. Because these cooperatives do not earn profits in the sense that other businesses do, any margins or revenues remaining after all expenses have been paid are returned to the members in the form of patronage capital.

Idaho's current code governing unclaimed patronage capital requires reporting and maintaining files on members for years and years on end which is costly and burdensome for these local, rural, member-owned and managed utilities.

Maintaining these abandoned funds in perpetuity also handicaps the utilities' ability to use those funds to the betterment of current members.

Through SB1152, we are asking for flexibility on how we manage these unclaimed funds:

SB1152 would allow:

- Rural electric and telecommunications and broadband cooperatives to continue to report to state under current code *OR* elect to be exempt from reporting and allow the bylaws or policies adopted by the members or the board of the cooperatives to determine unclaimed capital credit policy.
- The bill allows that if the owner of the unclaimed capital credit has not been located and funds have not been returned within four (4) years after they have been determined to be unclaimed, the non-profit corporation may use the funds for the benefit of the general membership of the corporation or for the communities it serves, as determined by its board of directors.

We ask you to send SB1152 to the floor with a "do pass" recommendation and I am happy to stand for any questions.

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