

Alaska State Legislature

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Representative Lance Pruitt House Finance Member

Sponsor Statement

HB 149 am

An Act relating to an amendment of the articles of incorporation of certain Native corporations to establish a lower quorum requirement for shareholder meetings.

Passage of HB 149 am seeks to allow Alaska Native Corporations (ANC's) to lower their quorum requirement for future meetings by reducing the voter approval needed to amend their articles of incorporation.

AS 10.06.415 allows a corporation to reduce its quorum to one-third of the shares eligible to vote by amending its articles of incorporation. Because nearly all ANC's were formed before July 1, 1989, the standard for amending their articles of incorporation is approval by two-thirds of the shares eligible to vote. For most other Alaska corporations formed after July 1, 1989 the standard is a majority of the shares eligible to vote. Many Alaska Native Corporations do not achieve a quorum of two-thirds, thus amendment of the articles of incorporation is virtually impossible as a practical matter.

There is a substantial cost to rescheduling or postponing an annual meeting because of a failure to obtain a quorum. Most ANC's have seen a downward trend over time in the quorum achieved at their annual meeting, as shares are passed on through inheritance and new shareholders become more geographically dispersed. Many ANC's need to be able to amend their articles of incorporation to provide for a lower quorum, such as the one-third quorum permitted by AS 10.06.415. However, lowering the quorum will require the amendment of ANC articles by a reasonably achievable standard.

HB 149 am amends 10.06.960 to allow ANC's incorporated under former AS 10.05 before July 1, 1989 to amend their articles of incorporation to reduce the quorum requirements for a meeting of shareholders to one-third of the outstanding shares entitled to vote at a meeting, represented in person or by proxy.