



33RD ALASKA STATE LEGISLATURE

REPRESENTATIVE CRAIG JOHNSON
HOUSE DISTRICT 10
CHAIR, HOUSE RULES COMMITTEE

SPONSOR STATEMENT HOUSE BILL 123:

"An Act relating to an amendment to the articles of incorporation of a corporation organized under the Alaska Native Claims Settlement Act; and providing for an effective date."

The Alaska Corporations Code, adopted in 1989, requires corporations existing before July 1, 1989, (which includes all ANCSA corporations) to obtain an affirmative vote of at least two-thirds of the shares entitled to vote for the adoption of an amendment to the articles of incorporation.

Per current AS 10.06.504(d): The requirement of an affirmative vote of at least two-thirds of the shares entitled to vote for the adoption of an amendment to the articles of incorporation as provided in former AS 10.05.276 shall remain in force for corporations existing before July 1, 1989.

By contrast, corporations formed after July 1, 1989, including any newly formed corporation in the State of Alaska, generally require only a simple majority vote of all outstanding shares for articles amendments.

The existing language of AS 10.06.504(d) effectively handicaps ANCSA corporations from making amendments to their Articles of Incorporation, unless an exception applies. Most ANCSA corporations typically received shareholder meeting quorums in the upper 50% or lower 60% of the total outstanding shares eligible to vote. But as the years go on and shares become distributed across larger numbers of individual descendants of original shareholders, quorum counts are expected to continue to decrease.

ANCSA and Alaska law already recognize this phenomenon by providing reduced voting thresholds for ANCSA corporations for certain specified matters. Reduced voting thresholds apply to creation of a Settlement Trust or amending the Articles of Incorporation to issue new shares of Settlement Common Stock to descendants of original shareholders, along with amendments to the Articles of Incorporation to provide for classification of seats on the Board of Directors. There is no general catch-all allowing Alaska Native Corporations to amend the Articles of Incorporation for matters outside these narrow exceptions.

Thus, AS 10.06.504 sets up a discriminatory, two-tier regime, in which Alaska Native Corporations are subjected to an effectively impossible heightened two-thirds voting standard and are effectively prevented from general amendments to their Articles of Incorporation. Other, newly formed corporations are provided a more realistic 50% voting standard. Research reflects that the 50% standard is the modern norm across most states.

Based on research of various states' corporation codes, and the history and significance of ANCSA, ANCSA corporations believe the current law is antiquated, and leaves Native corporations established under ANCSA at a competitive disadvantage compared with newer corporations.

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