



ALEUTCORP.COM  
4000 Old Seward Highway, Ste. 300  
Anchorage, Alaska 99503

Main 907-561-4300  
Toll-Free 800-232-4882  
Fax 907-563-4328

March 28, 2023

**RE: House Bill 123**

Dear Members of the 33<sup>rd</sup> Alaska State Legislature:

Thank you for your consideration of House Bill (HB) 123, introduced by Rep. Craig Johnson. The Aleut Corporation (TAC) supports the passage of HB 123.

Alaska Statute 10.06.504(d) includes carryover language from Alaska corporate law enacted prior to the Alaska Native Claims Settlement Act (ANCSA) that effectively handicaps Alaska Native Corporations (ANCs) from making amendments to their articles of incorporation. Under section 504(d), ANCs can only amend their articles with the affirmative vote of at least two-thirds of the outstanding voting shares, unless certain narrow exceptions apply.

TAC, like other ANCs, typically only receives shareholder meeting turnouts in the high 50% to low 60% range of the total outstanding voting shares. 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.

For example, reduced voting thresholds apply to the creation of a Settlement Trust, amendments to the articles to issue new shares of Settlement Common Stock to descendants of original shareholders (*see* 43 U.S.C. 1629b), and amendments to the articles to provide for classification of seats on the Board of Directors (*see* AS 10.06.960(o)). There is no general catch-all allowing ANCs to amend their articles for matters outside these narrow one-off exceptions under a practically achievable voting standard.

Notably, the two-thirds of voting shares threshold to amend articles of incorporation does not apply to corporations formed after July 1, 1989. Thus, AS 10.06.504 sets up a discriminatory, two-tier regime under which ANCs (which were formed after the passage of ANCSA in 1971) are subjected to a practically impossible two-thirds threshold, whereas other corporations are not.

Based on our review of other states' corporations codes, TAC believes the current law is antiquated and leaves TAC and other ANCs at a disadvantage compared with other corporations. We support the passage of HB 123 in recognition of the unique issues facing ANCs over 50 years after the passage of ANCSA.

Thank you for your time and consideration on this important piece of legislation and the work you do for the people of Alaska.

Very truly yours,

THE ALEUT CORPORATION

DocuSigned by:

*Skoey Vergen*

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By: **Skoey Vergen**  
President and CEO



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