

CS FOR HOUSE BILL NO. 92(EDU)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - FIRST SESSION

BY THE HOUSE SPECIAL COMMITTEE ON EDUCATION

Offered: 4/18/05

Referred: Judiciary

Sponsor(s): REPRESENTATIVE KELLY

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the purchase of interests in nonprofit corporations by the University**
2 **of Alaska."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 *** Section 1.** AS 14.40 is amended by adding a new section to read:

5 **Sec. 14.40.458. University corporate interests.** (a) The university may
6 purchase an interest in a nonprofit corporation if the Board of Regents of the
7 University of Alaska authorizes the purchase and the purchase advances a public
8 purpose of the university.

9 (b) If the university purchases an interest in a nonprofit corporation, the
10 nonprofit corporation is not considered to be a part of the university for any purpose,
11 except to the extent that both the Board of Regents of the University of Alaska and the
12 nonprofit corporation's articles of incorporation state otherwise.

13 (c) Notwithstanding AS 09.50.250, AS 10.20, and any other law, the
14 University of Alaska is not liable for the obligations of a nonprofit corporation in

1 which the University of Alaska has purchased an interest under (a) of this section,
2 except to the extent that the president of the university signs a written agreement on
3 behalf of the university that expressly states that the university is liable for the
4 obligations of the nonprofit corporation and the obligations for which the university is
5 liable are identified in the written agreement.

6 (d) In this section,

7 (1) "nonprofit corporation" means a corporation that qualifies for
8 exemption from taxation under 26 U.S.C. 501(c) (Internal Revenue Code);

9 (2) "university" means the University of Alaska.

10 * **Sec. 2.** AS 37.10.085(a) is amended to read:

11 (a) Except as provided in AS 14.40.458 or (c) or (d) of this section, neither the
12 state nor a political subdivision of the state may

13 (1) make a subscription to the capital stock of a corporation;

14 (2) lend its credit for the use of a corporation; or

15 (3) borrow money for the use of a corporation.