

**ALASKA STATE LEGISLATURE**  
**HOUSE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE**

April 4, 2023

8:01 a.m.

**MEMBERS PRESENT**

Representative CJ McCormick, Chair  
Representative Kevin McCabe, Vice Chair  
Representative Tom McKay  
Representative Justin Ruffridge  
Representative Rebecca Himschoot

**MEMBERS ABSENT**

Representative Josiah Patkotak  
Representative Donna Mears

**COMMITTEE CALENDAR**

HOUSE BILL NO. 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."

- HEARD & HELD

HOUSE BILL NO. 69

"An Act relating to the reclassification of first class cities as second class cities; and providing for an effective date."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 123

SHORT TITLE: ARTICLES OF INCORPORATION FOR ANCSA CORPS

SPONSOR(S): REPRESENTATIVE(S) C.JOHNSON

03/17/23           (H)           READ THE FIRST TIME - REFERRALS

03/17/23           (H)           CRA

04/04/23           (H)           CRA AT 8:00 AM BARNES 124

BILL: HB 69

SHORT TITLE: RECLASSIFICATION OF FIRST CLASS CITIES

SPONSOR(S): REPRESENTATIVE(S) CRONK

02/10/23 (H) READ THE FIRST TIME - REFERRALS  
02/10/23 (H) EDC, CRA  
03/01/23 (H) EDC AT 8:00 AM DAVIS 106  
03/01/23 (H) Heard & Held  
03/01/23 (H) MINUTE(EDC)  
03/13/23 (H) EDC AT 8:00 AM DAVIS 106  
03/13/23 (H) Heard & Held  
03/13/23 (H) MINUTE(EDC)  
03/20/23 (H) EDC AT 8:00 AM DAVIS 106  
03/20/23 (H) Moved HB 69 Out of Committee  
03/20/23 (H) MINUTE(EDC)  
03/22/23 (H) EDC RPT 5DP 2NR  
03/22/23 (H) DP: STORY, MCKAY, MCCORMICK, ALLARD,  
RUFFRIDGE  
03/22/23 (H) NR: HIMSCHOOT, PRAX  
04/04/23 (H) CRA AT 8:00 AM BARNES 124

**WITNESS REGISTER**

TOM WRIGHT, Staff  
Representative Craig Johnson  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Presented HB 123 on behalf of Representative Johnson, prime sponsor.

REPRESENTATIVE MIKE CRONK  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** As prime sponsor, presented HB 69.

DAVE STANCLIFF, Staff  
Representative Mike Cronk  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Co-presented HB 69 on behalf of Representative Cronk, prime sponsor.

**ACTION NARRATIVE**

8:01:30 AM

**CHAIR CJ MCCORMICK** called the House Community and Regional Affairs Standing Committee meeting to order at 8:01 a.m. Representatives McKay, Himschoot, McCabe, and McCormick were present at the call to order. Representative Ruffridge arrived as the meeting was in progress.

**HB 123-ARTICLES OF INCORPORATION FOR ANCSA CORPS**

8:03:15 AM

CHAIR MCCORMICK announced that the first order of business would be HOUSE BILL NO. 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."

8:03:25 AM

TOM WRIGHT, Staff, Representative Craig Johnson, Alaska State Legislature, presented HB 123 on behalf of Representative Johnson, prime sponsor. He paraphrased the sponsor statement [included in the committee packet], which read as follows [original punctuation provided]:

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.

[8:05:15 AM](#)

REPRESENTATIVE HIMSCHOOT asked for confirmation that the intent of HB 123 is to proactively solve a problem that "isn't exactly happening yet" but is anticipated.

MR. WRIGHT responded in the affirmative. He suggested that it is becoming a problem, as not all shareholder meetings have a two-thirds threshold, and the bill seeks to "put them in step with all other corporations" which have "a 50 percent, plus one, threshold."

[8:06:11 AM](#)

CHAIR MCCORMICK announced that HB 123 was held over.

[8:06:28 AM](#)

The committee took a brief at-ease at 8:06 a.m.

**HB 69-RECLASSIFICATION OF FIRST CLASS CITIES**

[8:06:59 AM](#)

CHAIR MCCORMICK announced the final order of business would be HOUSE BILL NO. 69, "An Act relating to the reclassification of first class cities as second class cities; and providing for an effective date."

[8:07:18 AM](#)

REPRESENTATIVE MIKE CRONK, Alaska State Legislature, as prime sponsor, presented HB 69. He explained it had been brought to his attention that the first class city of Tanana, Alaska, was unable to transfer its school into the Yukon-Koyukuk School District (YKSD). From research, it became clear that Tanana would have to be reclassified to legally transfer the school.

[8:08:17 AM](#)

DAVE STANCLIFF, Staff, Representative Mike Cronk, Alaska State Legislature, on behalf of Representative Cronk, prime sponsor, added that HB 69 is a "fairly simple piece of legislation" and is intended to assist in the transfer of the Tanana City School District, which would mean savings to the state. He stated that the real motivation is what is best for the students in Tanana. He explained that the Local Boundary Commission has set a population threshold of 400 [for a city to be incorporated]; however, Tanana's population has dropped to 243 people, which is well below the threshold. If a first class city's population falls below the 400-resident threshold, he said, the proposed bill would provide the option for it to be reclassified.

[8:11:17 AM](#)

REPRESENTATIVE MCCABE questioned whether there are other cities in this situation.

[8:11:41 AM](#)

MR. STANCLIFF responded that there are four other first class cities in the state which could make the request; however, none have stepped forward to do so. He noted that there is support to make this transition happen from the Tanana City School District, the mayor of Tanana, and YKSD.

[8:13:46 AM](#)

REPRESENTATIVE HIMSCHOOT observed the 10-day turnaround time could possibly be problematic, and she asked if there would be an amendment to the 10 days, or some other solution to the tight timeline.

MR. STANCLIFF replied that if a committee substitute for HB 69 were drawn up, it could include this. He also noted that after hearing about the bill, the Local Boundary Commission was able to convene a meeting well within the 10-day limit.

REPRESENTATIVE HIMSCHOOT commented that the mayor of Pelican, Alaska, has related that the community is not looking at this [transition] right now, but it would welcome having an easier pathway than what is currently available.

[8:15:19 AM](#)

CHAIR MCCORMICK announced that HB 69 was held over.

[8:16:29 AM](#)

#### **ADJOURNMENT**

There being no further business before the committee, the House Community and Regional Affairs Standing Committee meeting was adjourned at 8:16 a.m.