

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

April 27, 2023

1:33 p.m.

**MEMBERS PRESENT**

Senator Forrest Dunbar, Chair  
Senator Jesse Bjorkman  
Senator Cathy Giessel

**MEMBERS ABSENT**

Senator Donald Olson, Vice Chair  
Senator Elvi Gray-Jackson

**COMMITTEE CALENDAR**

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 69 (CRA)

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

- MOVED SCS CSHB 69 (CRA) OUT OF COMMITTEE

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

**PREVIOUS COMMITTEE ACTION**

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  
 04/04/23 (H) Heard & Held  
 04/04/23 (H) MINUTE(CRA)  
 04/06/23 (H) CRA AT 8:00 AM BARNES 124  
 04/06/23 (H) Moved CSHB 69(CRA) Out of Committee  
 04/06/23 (H) MINUTE(CRA)  
 04/10/23 (H) CRA RPT CS(CRA) 6DP  
 04/10/23 (H) DP: MEARS, MCKAY, HIMSCHOOT, RUFFRIDGE,  
 MCCABE, MCCORMICK  
 04/14/23 (H) TRANSMITTED TO (S)  
 04/14/23 (H) VERSION: CSHB 69(CRA)  
 04/17/23 (S) READ THE FIRST TIME - REFERRALS  
 04/17/23 (S) CRA  
 04/25/23 (S) CRA AT 1:30 PM BELTZ 105 (TSBldg)  
 04/25/23 (S) Heard & Held  
 04/25/23 (S) MINUTE(CRA)  
 04/27/23 (S) CRA AT 1:30 PM BELTZ 105 (TSBldg)

**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  
 04/04/23 (H) Heard & Held  
 04/04/23 (H) MINUTE(CRA)  
 04/06/23 (H) CRA AT 8:00 AM BARNES 124  
 04/06/23 (H) Moved HB 123 Out of Committee  
 04/06/23 (H) MINUTE(CRA)  
 04/10/23 (H) CRA RPT 6DP  
 04/10/23 (H) DP: MEARS, MCKAY, HIMSCHOOT, RUFFRIDGE,  
 MCCABE, MCCORMICK  
 04/14/23 (H) TRANSMITTED TO (S)  
 04/14/23 (H) VERSION: HB 123  
 04/17/23 (S) READ THE FIRST TIME - REFERRALS  
 04/17/23 (S) CRA  
 04/27/23 (S) CRA AT 1:30 PM BELTZ 105 (TSBldg)

**WITNESS REGISTER**

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

**POSITION STATEMENT:** Spoke to Amendment 1 for CSHB 69 (CRA).

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

**POSITION STATEMENT:** Presented HB 123 on behalf of the sponsor.

KIM REITMEIER, President  
Alaska Native Settlement Claims Act Regional Association  
Anchorage, Alaska

**POSITION STATEMENT:** Gave invited testimony in support of HB 123.

ROBERT MISULICH, General Counsel  
Aleut Corporation  
Anchorage, Alaska

**POSITION STATEMENT:** Responded to questions on HB 123.

SYLVAN ROBB, Director  
Division of Corporations, Business and Professional Licensing  
Department of Commerce, Community and Economic Development  
Juneau, Alaska

**POSITION STATEMENT:** Responded to questions on HB 123.

CHERYL BOWIE, representing self  
Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of HB 123.

## **ACTION NARRATIVE**

[1:33:23 PM](#)

**CHAIR FORREST DUNBAR** called the Senate Community and Regional Affairs Standing Committee meeting to order at 1:33 p.m. Present at the call to order were Senators Giessel, Bjorkman, and Chair Dunbar.

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

[1:34:35 PM](#)

CHAIR DUNBAR announced the consideration of CS FOR HOUSE BILL NO. 69 (CRA) "An Act relating to the reclassification of first

class cities as second class cities; and providing for an effective date."

CHAIR DUNBAR noted that this is the second hearing of CSHB 69(CRA), and the intention is to consider an amendment to this bill today. The differences between this bill and its companion, SB 79, were discussed in a previous meeting.

[1:35:18 PM](#)

SENATOR BJORKMAN moved to adopt Amendment 1, work order 33-LS0407\B.2.

33-LS0407\B.2  
Dunmire  
4/26/23

**AMENDMENT 1**

OFFERED IN THE SENATE  
TO: CSHB 69(CRA)

SENATOR BJORKMAN

Page 1, lines 4 - 5:

Delete "The uncodified law of the State of Alaska"

Insert "AS 29.04"

Page 1, lines 6 - 7:

Delete "RECLASSIFICATION OF FIRST CLASS CITIES WITH FEWER THAN 400 PERMANENT RESIDENTS."

Insert "**Sec. 29.04.045. Reclassification of first class cities with fewer than 400 permanent residents.**"

Page 2, line 7:

Delete all material.

Renumber the following bill section accordingly.

[1:35:30 PM](#)

SENATOR GIESSEL objected for purposes of discussion.

[1:35:33 PM](#)

SENATOR BJORKMAN said Amendment 1 deletes the repealer language in Section 2 of the bill. The state has multiple first-class cities that could find themselves with fewer than 400 permanent residents, like the City of Tanana, to whom this legislation

applies. It makes sense to give communities that might experience similar population issues in the future access to the same reclassification opportunity. Amendment 1 provides equal protection and process for communities statewide.

[1:36:40 PM](#)

SENATOR GIESSEL removed her objection to Amendment 1.

[1:36:43 PM](#)

CHAIR DUNBAR invited Mr. Stancliff to speak to Amendment 1.

[1:36:51 PM](#)

DAVE STANCLIFF, Staff, Representative Mike Cronk, Alaska State Legislature, Juneau, Alaska, stated the sponsor has no difficulty with Amendment 1 and leaves its adoption to the Senate's discretion.

[1:37:19 PM](#)

CHAIR DUNBAR found no further objection and Amendment 1 was adopted. He sought the will of the committee.

[1:37:28 PM](#)

SENATOR GIESSEL moved to report CSHB 69(CRA), work order 33-LS0407\B, as amended, from committee with individual recommendations and attached fiscal note(s).

[1:37:46 PM](#)

CHAIR DUNBAR found no objection and SCS CSHB 69(CRA) was reported from the Senate Community and Regional Affairs Standing Committee.

[1:37:55 PM](#)

At ease.

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

[1:39:26 PM](#)

CHAIR DUNBAR reconvened the meeting and announced the consideration of 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."

CHAIR DUNBAR stated the intention is to hear an introduction of the bill, a sectional analysis presentation, invited testimony, and public testimony.

[1:40:10 PM](#)

TOM WRIGHT, Staff, Representative Craig Johnson, Alaska State Legislature, Juneau, Alaska, presented HB 123 on behalf of the sponsor. He said this bill pertains to the votes required to amend articles of incorporation under the Alaska Native Claims Settlement Act (ANCSA). The bill's primary purpose is to lower the vote threshold from two-thirds to a majority vote. He said that all ANCSA corporations believe the law governing this issue is antiquated and needs updating to a more realistic voting standard. He summarized the following sponsor statement:

[Original punctuation provided.]

SPONSOR STATEMENT  
HOUSE BILL 123

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.

1:41:48 PM

CHAIR DUNBAR invited Ms. Reitmeier to put herself on the record and speak to HB 123.

1:42:00 PM

KIM REITMEIER, President, Alaska Native Settlement Claims Act Regional Association, Anchorage, Alaska, gave invited testimony in support of HB 123. She summarized the following prepared testimony:

On behalf of the ANCSA Regional Association (ARA), I would like to express our support for the passage of House Bill 123, introduced by Representative Craig Johnson.

As you know, ARA represents the twelve Alaska Native regional corporations created by Congress under the

Alaska Native Claims Settlement Act (ANCSA) in 1971. Together, these organizations are tasked with providing for their more than 160,000 Alaska Native shareholders socially, culturally, and economically.

Under current Alaska law, Alaska Native corporations (ANCs) must reach a two-thirds majority of all outstanding shares to enact an amendment to their articles of incorporation, unless certain exceptions apply. However, Alaska corporations formed after July 1, 1989 only require a fifty percent plus one majority of the outstanding shares to approve an articles amendment. The two-thirds majority requirement is an outdated rule that disadvantages ANCs and their shareholders.

The two-thirds majority requirement is a constant hurdle ANCs face when considering these amendments due to gradually declining quorum counts. Quorum counts rarely meet this high threshold, and because of this, ANCs are deprived of opportunities to evolve and advance compared to newer Alaska corporations.

HB 123 would end this unfair, antiquated system and instead place ANCs on a level playing field with Alaska corporations formed after July 1, 1989. Under HB 123, ANCs could amend their articles according to the fifty percent plus one majority standard applicable to Alaska corporations formed after July 1, 1989, under AS 10.06.504(a).

After celebrating 50 years of ANCSA, several ANCs are currently revisiting or considering modernizing their articles of incorporation. Passage of HB 123 is critical and timely.

Thank you for your work on behalf of Alaska and consideration of this legislation. Together we can continue to advocate for a better and more prosperous future for our Alaska Native shareholders and all Alaskans.

[1:44:32 PM](#)

CHAIR DUNBAR asked what practical concerns motivated the desire for change in the law.

MS REITMEIER replied that the two-thirds voting requirement is an ongoing hurdle for Alaska Native corporations to achieve because of declining quorum counts. Corporations rarely meet this high threshold. It is a monumental undertaking to evolve and advance when the quorum requirement is so high compared to new Alaska corporations.

CHAIR DUNBAR sought confirmation that the vote threshold is two-thirds of the total, not two-thirds of the voting shares present.

MS. REITMEIER replied that is correct and directed the question to experts in attendance.

[1:46:08 PM](#)

CHAIR DUNBAR invited Mr. Misulich to speak to the question.

[1:46:15 PM](#)

ROBERT MISULICH, General Counsel, Aleut Corporation, Anchorage, Alaska, replied that the current threshold requires ANCs to achieve a two-thirds majority vote of all outstanding shares to amend the incorporation articles. He said corporations are lucky to achieve a quorum of 58 to 62 percent of shares in a meeting. Most ANCs face an impossible scenario where annual meetings have insufficient shareholder turnout to reach the vote threshold for articles and amendments, even assuming all vote "yes."

[1:47:19 PM](#)

CHAIR DUNBAR asked Ms. Robb whether the Department of Commerce, Community and Economic Development has a position on this legislation.

[1:47:55 PM](#)

SYLVAN ROBB, Director, Division of Corporations, Business and Professional Licensing, Department of Commerce, Community and Economic Development, Juneau, Alaska, stated the division has no concerns with HB 123.

[1:48:14 PM](#)

CHAIR DUNBAR opened public testimony on HB 123.

[1:48:42 PM](#)

CHERYL BOWIE, representing self, Anchorage, Alaska, testified in support of HB 123. She is a shareholder of NANA Corporation and Kikiktagruk Inupiat Corporation. She said HB 123 would move ANCSA corporations forward toward better voting outcomes. She spoke about other topics, including the shareholder registration

process, aligning the voting system with municipal and state elections, adopting civil rights between corporations, and equal opportunities for shareholders. She said corporations need to clarify and modernize because who is responsible for governance, oversight, and industry can be confusing. She expressed her belief that the passage of HB 123 will increase outcomes for civil rights, reduce fraud, clarify the rules, and increase shareholder participation.

[1:51:22 PM](#)

CHAIR DUNBAR closed public testimony on HB 123. He noted that the committee received many letters of support from regional and village corporations describing the challenge of achieving votes, even in cases where the votes are unanimous. He invited the public to submit written public testimony to [Senate.Community.and.Regional.Affairs@akleg.gov](mailto:Senate.Community.and.Regional.Affairs@akleg.gov).

CHAIR DUNBAR held HB 123 in committee.

[1:52:32 PM](#)

There being no further business to come before the committee, Chair Dunbar adjourned the Senate Community and Regional Affairs Standing Committee meeting at 1:52 p.m.