

Introduced: 2/20/65  
Referred: Commerce  
and Finance

BY SENATORS POLLOCK, PHILLIPS,  
BLODGETT, BRADSHAW, PERATROVICH,  
HALL, PETER, KILCHER, FOSTER,  
BEGICH, HOPSON, OWEN AND HANSEN

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29

IN THE SENATE

SENATE BILL NO. 124

IN THE LEGISLATURE OF THE STATE OF ALASKA

FOURTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to the creation of the  
Alaska Community Credit Corporation; and  
providing for an effective date."

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

\* Section 1. The legislature recognizes that small-business  
activity in the State of Alaska must be encouraged and assisted  
in a meaningful way if the state is to advance in its efforts to  
realize a self-sustaining and healthy economy. Expansion of the  
small-business sector of the economy will increase job opportuni-  
ties and personal income for the citizens of the state, and con-  
comitantly, increase the tax revenues of the state. Expansion of  
small-business activity will therefore materially aid in the  
solution of the recurring problems of critical seasonal unemploy-  
ment and disproportionate expenditures of public funds for  
assistance, unemployment compensation and other welfare programs.  
The legislature finds it to be in the public interest that a  
corporation, which will operate on a statewide basis, be created  
to provide financial assistance to small-business enterprises  
throughout the state and to local companies engaged in developing  
the industrial and commercial potential of their respective areas  
of the state. The legislature therefore declares that the Alaska  
Community Credit Corporation is a corporation with a public pur-  
pose.

\* Sec. 2. AS 10 is amended by adding a new chapter to read:  
SB 124

1 CHAPTER 35. ALASKA COMMUNITY CREDIT CORPORATION

2 Sec. 10.35.010. ALASKA COMMUNITY CREDIT CORPORATION.

3 A corporation known as the Alaska Community Credit Corpora-  
4 tion shall be established in accordance with this chapter.

5 Sec. 10.35.020. INCORPORATION. The incorporators of  
6 the corporation shall be appointed as provided by law. The  
7 corporation shall be incorporated as a private, profit-  
8 making entity in accordance with ch. 5 of this title.

9 Sec. 10.35.030. POWERS OF THE CORPORATION. The corpora-  
10 tion shall exercise any corporate powers required by this  
11 chapter and may exercise any corporate powers permitted  
12 under ch. 5 of this title, except as may otherwise be pro-  
13 hibited or restricted by this chapter.

14 Sec. 10.35.040. PURPOSES OF THE CORPORATION. (a) The  
15 purposes for which the corporation is established are to

16 (1) loan funds to local development companies  
17 within the state to enable such companies to qualify for  
18 loans from the Small Business Administration under Sec.  
19 502, Public Law 85-699 as it has been or may be amended,  
20 provided that a loan from the corporation may not exceed 50  
21 per cent of the amount needed by a local development company  
22 to participate in any one loan arrangement with the Small  
23 Business Administration;

24 (2) participate with the Small Business Administra-  
25 tion in loans to identifiable small-business concerns, located  
26 in areas of the state where no local development companies  
27 are in existance or likely to be created, for financing the  
28 construction, moderization or expansion of plant facilities,  
29 including the purchase of land; or for acquiring plant

SB 124

1 equipment or machinery.

2 (b) The corporation shall accomplish its purposes and  
3 otherwise conduct its business in such a manner so as to take  
4 full advantage of any federal programs which offer financial  
5 or other means of assistance to state and local development  
6 companies.

7 Sec. 10.35.050. RESTRICTIONS. The articles of incor-  
8 poration, or the bylaws, or either, as appropriate, of the  
9 corporation shall contain the following provisions:

10 (1) the duration of the corporation is perpetual;

11 (2) the registered office of the corporation is in  
12 Alaska;

13 (3) all meetings of the shareholders will be held  
14 within the state;

15 (4) the board of directors shall not be less than  
16 nine members and shall be divided into three classes pur-  
17 suant to AS 10.05.106;

18 (5) the power to adopt, amend or repeal bylaws is  
19 reserved to the board of directors;

20 (6) a shareholder may cumulate his votes by giving  
21 one candidate for the board of directors as many votes as  
22 the number of directors to be elected multiplied by the num-  
23 ber of his shares equal, or by distributing these votes on  
24 the same principle among any number of candidates.

25 (7) shareholders are denied any pre-emptive right  
26 to acquire additional or treasury shares of the corporation;

27 (8) a director is not entitled to compensation  
28 from the corporation, except that he may be reimbursed for  
29 travel and actual expenses incurred in the execution of his

1 duties as a director; however, if a director serves as an  
2 officer of the corporation, he is entitled to compensation  
3 for that service; and

4 (9) a director may not vote on a proposed corpor-  
5 ation project in which he, a relative, or a business associ-  
6 ate has any direct or indirect pecuniary interest, but may  
7 write an opinion on the project for the benefit of those  
8 directors privileged to vote on the project.

9 Sec. 10.35.060. SALE OF CORPORATE SHARES. (a) Secur-  
10 ities of the corporation shall not be offered for sale, or  
11 sold, in a manner which requires that such issues be  
12 registered with the Securities and Exchange Commission as  
13 required by the Securities Act of 1934 as it has been or may  
14 be amended.

15 (b) The registration requirements of AS 45.55.070 - AS  
16 45.55.120 do not apply to securities issued by the corpora-  
17 tion.

18 (c) The corporation shall not sell in excess of five  
19 per cent of its outstanding shares to any one person, cor-  
20 poration, company, partnership, firm, association, organiza-  
21 tion, business trust, person in a joint venture, or society.

22 Sec. 10.35.070. APPROPRIATIONS TO CORPORATION BY THE  
23 STATE. (a) Appropriations, in the form of grants or loans,  
24 from the general fund of the state to the corporation are  
25 authorized provided that the corporation is incorporated in  
26 accordance with the provisions of this chapter.

27 (b) The corporation shall use any funds appropriated to  
28 it under (a) of this section solely for the purchase of  
29 general obligation bonds of the state. Such bonds, in turn,

SB 124

1 shall only be used as collateral to secure loans from  
2 chartered state and national banks within the state. The  
3 proceeds of these loans shall under no circumstances be used  
4 for the repayment of corporate debt.

5 Sec. 10.35.080. DEFINITIONS. In this chapter, unless  
6 the context otherwise requires

7 (1) "corporation" means the Alaska Community  
8 Credit Corporation;

9 (2) "local development company" means a private  
10 enterprise incorporated under AS 10.05 for the purpose of  
11 furthering the economic development of a local community or  
12 its environs and which has authority to promote and assist  
13 small-business concerns within its area of operations and  
14 is otherwise qualified to participate in loans offered by  
15 the Small Business Administration pursuant to Sec. 502,  
16 Public Law 85-699 as it has been or may be amended;

17 (3) "small-business concern" is a concern, includ-  
18 ing its affiliates, which is independently owned and operat-  
19 ed, is not dominant in its field of operation, and which  
20 meets all standards established for such concerns by the  
21 Small Business Administration pursuant to the loan programs  
22 of that agency for such concerns.

23 \* Sec. 3. Within 45 days after the effective date of this Act,  
24 or as soon thereafter as possible, the assembly of each organized  
25 borough in the state shall appoint a person who resides within  
26 the corporate limits of the borough to be an incorporator of the  
27 Alaska Community Credit Corporation. The city council of the  
28 most populous city in the second judicial district of the state  
29 shall appoint a person residing within that district to be an

1 incorporator of the corporation. Incorporators shall be appointed  
2 without regard to political affiliation and preference in appoint-  
3 ment should be given to senior or retired citizens of the state  
4 who have had successful business or banking careers. A public  
5 employee is not eligible for appointment as an incorporator.

6 \* Sec. 4. The incorporators appointed pursuant to sec. 3 of  
7 this Act shall be the board of directors of the Alaska Community  
8 Credit Corporation until the first meeting of the shareholders.

9 \* Sec. 5. The name and address of each person appointed as  
10 an incorporator of the Alaska Community Credit Corporation shall  
11 be forwarded immediately to the secretary of state. After receipt  
12 of the names of all incorporators, the secretary of state shall  
13 prescribe the place and date of the first meeting of the incor-  
14 porators, provided that the date on which the meeting is called  
15 shall, in no event, be later than 30 days after appointment of all  
16 incorporators. At the first meeting, which shall not exceed a  
17 period of 21 days, the incorporators shall organize and appoint a  
18 temporary chairman and secretary from their number; prepare and  
19 file the articles of incorporation, and adopt the bylaws, for the  
20 corporation; hold the first official meeting of the board of  
21 directors; and appoint acting officers of the corporation from  
22 their number. An attorney shall be retained for the purposes of  
23 preparing and filing the articles of incorporation and any legal  
24 fees thereby incurred paid by the corporation after it is organiz-  
25 ed to do business. The state shall reimburse each incorporator,  
26 and the attorney retained by the incorporators, for the round-trip  
27 travel fare from his place of residence to the place where the  
28 first meeting is held and shall pay each incorporator, and the  
29 attorney retained by the incorporators, a per diem allowance of  
SB 124

1 \$35 for each day of the first meeting, but for not more than 21  
2 days. The travel and per diem expenses paid to the incorporators  
3 and to their attorney, under this section constitutes a claim by  
4 the state against the Alaska Community Credit Corporation, to be  
5 repaid by the corporation within two years after the date on  
6 which the corporation first transacts business. All incorporation  
7 fees, the initial annual corporation tax and the initial business  
8 license fee of the corporation shall be paid by the state and  
9 constitute a claim by the state against the corporation in the  
10 same manner as the travel and per diem expenses.

11 \* Sec. 6. This Act takes effect on the day after its passage  
12 and approval or on the day it becomes law without such approval.  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29