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Referred: Commerce

BY COLLETTA, STIMSON AND FAHRENKAMP

1 IN THE SENATE

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SENATE BILL NO. 170

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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ELEVENTH LEGISLATURE - FIRST SESSION

5

A BILL

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For an Act entitled: "An Act creating the Alaska General Stock Ownership Corporation; and providing for an effective date."

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

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\* Section 1. AS 10 is amended by adding a new chapter to read:

10

CHAPTER 50. ALASKA GENERAL STOCK OWNERSHIP CORPORATION.

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Sec. 10.50.010. ALASKA GENERAL STOCK OWNERSHIP CORPORATION

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CREATED. (a) The governor shall appoint nine persons, at least five of whom are residents of the state, to act as incorporators of the Alaska General Stock Ownership Corporation.

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(b) The corporation is a general stock ownership corporation and shall be formed in accordance with subchapter U of the Internal Revenue Code of 1954, as amended, (26 U.S.C. secs. 1391 - 1397), and with AS 10.05. The corporation is subject to the provisions of AS 10.05, except when inconsistent with this chapter.

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(c) The corporation is not and may not be considered to be an agency or political subdivision of the state for any purpose.

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Sec. 10.50.020. ARTICLES OF INCORPORATION. The corporation's articles of incorporation shall provide

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(1) for the issuance of only one class of stock;

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(2) that shares of stock may be issued only to individuals who were residents of the state on December 31, 1978, and who continued to be residents until the date of issuance of the stock;

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(3) for the issuance of at least one share of stock to each individual eligible under (2) of this section, unless that individual

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1 elects within one year after the date of issuance not to receive the  
2 share;

3 (4) that no share of stock may be voluntarily or involun-  
4 tarily transferred

5 (A) or encumbered by a shareholder, other than by will  
6 or under the laws relating to intestate succession, until five  
7 years after the date of issuance of the share, except if the share-  
8 holder ceases to be a resident of the state;

9 (B) to an individual other than one who is a resident on  
10 the date of transfer;

11 (C) to an individual who, after the transfer, would own  
12 more than 10 shares of stock of the corporation;

13 (D) by a shareholder under 18 years of age;

14 (5) that the corporation must maintain its status as a  
15 general stock ownership corporation under subchapter U of the Internal  
16 Revenue Code of 1954, as amended, (26 U.S.C. secs. 1391 - 1397);

17 (6) that the corporation may invest in properties other than  
18 those acquired by it, or for its benefit, through the right of eminent  
19 domain;

20 (7) that the corporation has the right of first refusal to  
21 purchase its shares of stock offered to be transferred by a shareholder  
22 within five years after the date of issuance of the shares; if the  
23 corporation exercises the right to purchase, shares purchased shall be  
24 considered treasury stock and not entitled to dividends, if any, or to  
25 voting privileges.

26 Sec. 10.50.030. BOARD OF DIRECTORS. (a) The corporation shall be  
27 governed by a board of directors. A majority of the members of the  
28 board of directors shall be residents of the state at all times during  
29 their terms of office. Except as provided in (b) of this section, the

1 term of office of each director is three years. A director, upon the  
2 expiration of his term, shall continue to hold office until his succes-  
3 sor is elected and qualified.

4 (b) The initial board of directors shall consist of the incorpor-  
5 ators of the corporation. The board shall be equally divided into three  
6 classes of directors. The initial class one directors shall serve  
7 one-year terms of office; the initial class two directors shall serve  
8 two-year terms of office; and the initial class three directors shall  
9 serve three-year terms of office.

10 (c) The number, terms of office, and classes of directors may be  
11 amended by a majority of the shareholders of the corporation.

12 Sec. 10.50.040. NOTIFICATION OF ELIGIBLE SHAREHOLDERS. At least  
13 90 days before the issuance of any stock, the corporation shall at least  
14 weekly notify the public of its intention to issue stock and the method  
15 for qualifying and applying for shares. The notification shall be by  
16 publication in at least one newspaper of statewide circulation, by radio  
17 and television announcements, and by other means the corporation deter-  
18 mines to be appropriate and reasonable, and shall be continued at least  
19 once each month for 11 months following the date of issuance of shares.

20 Sec. 10.50.050. CORPORATION NOT LIABLE TO SHAREHOLDERS. The cor-  
21 poration may not be held liable for

22 (1) any loss resulting directly or indirectly from the  
23 failure of an individual to apply for shares of the corporation;

24 (2) reimbursement of any individual who may incur tax lia-  
25 bility from failure to apply for shares of the corporation; and

26 (3) payment of a declared or paid dividend to an individual  
27 who would have been entitled to receive the dividend had he been a  
28 shareholder at the time of declaration or payment.

29 Sec. 10.50.060. LATE APPLICATION FOR SHARES. An individual eli-

1 gible under AS 10.50.020(2) to receive shares of the corporation who  
2 failed to apply for the shares before their issuance may apply for and  
3 receive the shares at any time after the date of issuance if he is  
4 otherwise qualified to own stock of the corporation.

5 Sec. 10.50.070. SHARE OWNERSHIP RECORDS; TRANSFER AGENT. The  
6 corporation shall establish and maintain a system of share ownership  
7 records. The system shall be designed to make the issuance of stock  
8 certificates unnecessary and shall include the names and current  
9 addresses of all shareholders. The corporation may issue nonnegotiable  
10 evidences of ownership of shares of the corporation. The corporation  
11 shall act as its own transfer agent.

12 Sec. 10.50.080. PENALTIES FOR MISREPRESENTATION OF ELIGIBILITY AS  
13 SHAREHOLDER. (a) The ownership interest in shares of the corporation's  
14 stock issued to an individual ineligible to receive the shares who has  
15 presented fraudulent or misleading information regarding his eligibility  
16 to own the shares, is voidable upon the issuance of an appropriate order  
17 by the superior court. The ineligible individual is also liable for the  
18 full amount of dividends, or other distributions to shareholders re-  
19 ceived by him plus interest from the date of distribution, and legal  
20 fees and costs of recovery incurred by the corporation. This section  
21 applies to an individual who has presented fraudulent or misleading  
22 information regarding the eligibility of another person for whom he acts  
23 in the capacity of legal guardian.

24 (b) An individual who obtains shares of the corporation, or in his  
25 capacity as legal guardian obtains shares of the corporation for  
26 another, through fraud, misrepresentation, or any deceitful or illegal  
27 means is guilty of a felony.

28 Sec. 10.50.090. DIVIDENDS OF THE CORPORATION. Dividends, or other  
29 distributions, may be declared and paid by the corporation at any time

1 and from any source to the extent considered necessary by the board in  
2 order to comply with the distribution requirements of subchapter U of  
3 the Internal Revenue Code of 1954, as amended, (26 U.S.C. secs. 1391 -  
4 1397), except that no dividend or other distribution may be declared if  
5 the corporation is insolvent or if the declaration would cause the  
6 corporation to become insolvent.

7 Sec. 10.50.900. DEFINITIONS. In this chapter,

8 (1) "board" means the board of directors of the Alaska  
9 General Stock Ownership Corporation;

10 (2) "corporation" means the Alaska General Stock Ownership  
11 Corporation;

12 (3) "resident" means an individual who maintains a permanent  
13 place of abode in the state with the intention of making the state his  
14 permanent place of residence and who resides in the state continuously  
15 except for temporary purposes only and with the intent of returning; a  
16 person may not be considered to have gained a residence solely by reason  
17 of his presence and he may not lose it solely by reason of his absence  
18 while in the civil or military service of this state or of the United  
19 States or of his absence because of marriage to a person engaged in the  
20 civil or military service of this state or the United States; while a  
21 student at an institution of learning; while in an institution or asylum  
22 at public expense; while confined in public prison; while engaged in the  
23 navigation of waters of this state, of the United States, or of the high  
24 seas; or while residing upon an Indian or military reservation; a minor  
25 takes the residence of his parent or of his legal guardian; a married  
26 woman shall establish her own residence and does not presumptively take  
27 the residence of her husband.

28 \* Sec. 2. AS 37.10.065(a) is amended by adding a new paragraph to read:

29 (9) secured loans to the Alaska General Stock Ownership

1 Corporation.

2 \* Sec. 3. AS 37.10.070(a) is amended by adding a new paragraph to read:  
3 (14) bonds or other forms of indebtedness of the Alaska  
4 General Stock Ownership Corporation.

5 \* Sec. 4. AS 45.55.140(a) is amended by adding a new paragraph to read:  
6 (12) a security issued by the Alaska General Stock Ownership  
7 Corporation.

8 \* Sec. 5. AS 45.55.140(b) is amended by adding a new paragraph to read:  
9 (18) a transaction of a security issued by the Alaska General  
10 Stock Ownership Corporation.

11 \* Sec. 6. Notwithstanding any other provision of law, a civil action to  
12 contest the legality of this Act is barred unless the complaint is filed  
13 within one year of the effective date of this Act. The purpose of this  
14 limitation on suits is to insure that, after the expiration of a reasonable  
15 period of time, the right, title, and interest of shareholders of the Alaska  
16 General Stock Ownership Corporation will be vested with certainty and that  
17 the corporation will be able to carry on its business activities with cer-  
18 tainty.

19 \* Sec. 7. Notwithstanding AS 01.10.030, the provisions of this Act are  
20 nonseverable. If any provision of this Act, or the application of it to any  
21 person or circumstance, is held invalid, this Act shall be void in its en-  
22 tirety.

23 \* Sec. 8. AS 10.50.080(b) is amended to read:

24 (b) An individual who obtains shares of the corporation, or in his  
25 capacity as legal guardian obtains shares of the corporation for  
26 another, through fraud, misrepresentation, or any deceitful or illegal  
27 means is guilty of a class C felony.

28 \* Sec. 9. Sections 1 - 7 of this Act take effect immediately in accor-  
29 dance with AS 01.10.070(c).

1 \* Sec. 10. Section 8 of this Act takes effect January 1, 1980.

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