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Referred: Special Gas Pipeline
Committee and Finance

1 IN THE HOUSE

BY MALONE AND ROGERS

2 HOUSE BILL NO. 475

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing an Alaska Mineral Resources
7 Corporation and relating to the investment of state
8 revenues; and providing for an effective date."

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

10 * Section 1. PURPOSE. In establishing a mineral resources corporation
11 and assigning to it the revenues and income due the state from its minerals
12 and mineral rights, it is the purpose of this Act

13 (1) to assign to the corporation the mineral wealth of the state
14 as trustee for the people of the state;

15 (2) to require the corporation to act as trustee by imposing
16 duties by which the corporation shall manage and account for the mineral
17 wealth of the state committed to it; and

18 (3) to require the corporation to distribute to the people of the
19 state as shareholders in the corporation.

20 * Sec. 2. AS 41 is amended by adding a new chapter to read:

21 CHAPTER 45. ALASKA MINERAL RESOURCES CORPORATION.

22 ARTICLE 1. ORGANIZATION OF THE CORPORATION.

23 Sec. 41.45.010. ALASKA MINERAL RESOURCES CORPORATION ESTABLISHED.

24 The Alaska Mineral Resources Corporation is established to carry out
25 the purposes of this chapter. The corporation is a public corporation
26 of the state and an instrumentality of the state within the Department
27 of Revenue, but has a legal existence independent of and separate from
28 the state. The exercise by the corporation of the powers conferred by
29 this chapter is considered an essential function of the state.

1 Sec. 41.45.020. BOARD OF DIRECTORS. (a) A board of directors of
2 the corporation is established as its governing body.

3 (b) The board consists of three members appointed by the governor.

4 (c) The board shall annually elect a chairman from among its
5 members. A chairman may not succeed himself.

6 Sec. 41.45.030. TERM OF OFFICE. A member of the board shall be
7 appointed for a term of four years. A member of the board may be
8 reappointed. Terms of office shall be staggered.

9 Sec. 41.45.040. REMOVAL AND VACANCIES. (a) The governor may
10 remove a board member from office. A removal shall be in writing and
11 state the reason for removal.

12 (b) A vacancy on the board shall be promptly filled by appoint-
13 ment by the governor. An appointee to a vacancy shall hold office for
14 the balance of the term for which his predecessor on the board was
15 appointed.

16 (c) A vacancy on the board does not impair the authority of a
17 quorum of the board to exercise all the powers and perform all the
18 duties of the board.

19 Sec. 41.45.050. QUALIFICATIONS OF BOARD MEMBERS. (a) A member
20 of the board must have been a resident of the state for at least one
21 year at the time of appointment.

22 (b) A member of the board may not hold any other state or federal
23 office, position, or employment, whether elective or appointive, except
24 as a member of the armed forces of the United States or the state.

25 Sec. 41.45.060. QUORUM. Two members of the board constitute a
26 quorum for the transaction of business and the exercise of the powers
27 and duties of the board.

28 Sec. 41.45.070. COMPENSATION OF BOARD MEMBERS. A board member is
29 in the exempt service under AS 39.25 and receives an annual salary equal

1 to Range 30A of the salary schedule for state employees established by
2 AS 39.27.011.

3 Sec. 41.45.080. EMPLOYMENT OF PERSONNEL. The board may select
4 and employ staff as necessary. Employees of the board are in the
5 exempt service under AS 39.25.

6 Sec. 41.45.090. CONFLICTS OF INTEREST. A member of the board
7 directors is subject to the provisions of AS 39.50.

8 ARTICLE 2. POWERS AND DUTIES OF THE CORPORATION.

9 Sec. 41.45.100. DUTIES OF THE CORPORATION. Beginning July 1,
10 1982, the corporation shall receive and manage in trust for the people
11 of the state

12 (1) the receipts due the state from mineral lease bonuses
13 and rentals from state land except mineral lease bonuses and rentals
14 retained by the state and distributed in accordance with AS 37.11.020,
15 AS 37.12.020, AS 37.13.010(a), AS 37.14.050, 37.14.100, and 37.14.150;
16 and

17 (2) the royalties due the state from minerals produced on
18 state land except mineral royalties retained by the state and distri-
19 buted in accordance with AS 37.13.010(a), AS 37.14.050, 37.14.100, and
20 37.14.150.

21 Sec. 41.45.110. POWERS OF THE CORPORATION. In carrying out the
22 powers of the corporation, the board may

23 (1) adopt, alter, and use a corporate seal;
24 (2) prescribe, adopt, amend, and repeal bylaws;
25 (3) sue and be sued in the name of the corporation;
26 (4) enter into any agreements necessary to the exercise of
27 its powers and functions;

28 (5) accept grants from and contract with the federal govern-
29 ment and the state or its political subdivisions and to that end comply

1 with the provisions of federal, state, or local programs where neces-
2 sary;

3 (6) accept grants and loans from other sources than those in
4 (5) of this section to be held and used for the purposes of the corpor-
5 ation;

6 (7) appear in behalf of the corporation before boards,
7 commissions, departments, or other agencies of municipal, state, or
8 federal government;

9 (8) acquire, hold, use, lease, sell, or otherwise dispose of
10 property of any kind, or any interest in it;

11 (9) invest, in the form the board considers appropriate, so
12 long as its investment policy is consistent with the prudent-man rule;

13 (10) contract with the Department of Revenue for the invest-
14 ment and management of the balance of the assets of the corporation
15 payable to it under AS 41.45.100;

16 (11) adopt regulations governing the exercise of its corporate
17 powers;

18 (12) do all acts and things necessary or desirable to carry
19 out the purposes of the corporation.

20 ARTICLE 3. CORPORATE STOCK AND DIVIDENDS.

21 Sec. 41.45.200. STOCK OF THE CORPORATION. (a) The board shall
22 provide

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

24 (2) that a share of stock of the corporation may be issued
25 only to an individual who is a resident of the state on July 1, 1981,
26 and who continues to be a resident of the state until the date of
27 issuance of the shares;

28 (3) for the issuance of at least one share of stock to each
29 individual eligible under (2) of this subsection who registers with the

1 corporation to receive the share.

2 (b) Each share of the corporation shall be represented by a stock
3 certificate signed by the chairman of the corporation's board of direc-
4 tors. Each stock certificate shall state on its face that it

- 5 (1) represents one share of nonvoting stock;
6 (2) it is not redeemable by the corporation;
7 (3) is not transferable except to another individual;
8 (4) may be devised or bequeathed or given as a gift to
9 another individual; and

- 10 (5) may not be issued in any form of common ownership.

11 Sec. 41.45.210. NOTIFICATION OF ELIGIBLE SHAREHOLDERS. Beginning
12 not less than 90 days before the issuance of stock, the corporation
13 shall notify the public of its intention to issue the stock and the
14 method for qualifying and applying for shares of stock. The notice
15 shall be by publication in at least one newspaper of statewide circula-
16 tion, by radio and television announcements, and by other means the
17 corporation determines to be appropriate and reasonable, and shall be
18 continued at least twice each month for six months following the date
19 of issuance of shares. The notice shall describe how an individual may
20 register with the corporation to receive a share of stock of the cor-
21 poration.

22 Sec. 41.45.220. CORPORATION NOT LIABLE TO SHAREHOLDERS. Registra-
23 tion as a shareholder to receive a share of stock of the corporation is
24 a responsibility solely of an individual eligible under AS 41.45.200-
25 (a)(2). The corporation may not be held liable for

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

28 (2) payment of a dividend to an individual who would have
29 been entitled to the dividend had he been a shareholder at the time of

1 declaration or payment.

2 Sec. 41.45.230. LATE APPLICATION FOR SHARES. An individual eli-
3 gible under AS 41.45.200(a)(2) to receive shares of the corporation who
4 fails to apply for shares before their issuance may apply for and
5 receive the shares any time within one year after the date of issuance
6 upon the payment of the book value of the shares.

7 Sec. 41.45.240. DIVIDENDS OF THE CORPORATION. (a) Dividends or
8 other distributions shall be declared and paid by the corporation at
9 least once each year and may be declared and paid at any other time and
10 from any source to the extent considered necessary by the board.

11 (b) The annual dividend or other distribution required by (a) of
12 this section shall be determined by dividing the total amount of
13 revenues received by the corporation during the preceding fiscal year
14 by the number of shares which the corporation has issued.

15 ARTICLE 4. MISCELLANEOUS PROVISIONS.

16 Sec. 41.45.300. REPORTS AND PUBLICATIONS. (a) The board shall
17 prepare and distribute materials in nontechnical language describing
18 the purposes and activities of the corporation.

19 (b) The board shall publish an annual report for the governor,
20 the legislature, and the public at the time its annual budget request
21 is submitted. Each annual report shall include

- 22 (1) financial statements and audit reports;
23 (2) a statement detailing the sources from which the corpor-
24 ation received money;
25 (3) a statement detailing the investments made by the cor-
26 poration; and
27 (4) any other information that the board believes would be
28 of interest to the recipients of the report.

29 Sec. 41.45.310. BUDGET AND APPROPRIATIONS. The corporation may

1 expend money only as appropriated by the legislature. The corporation
2 is subject to the Executive Budget Act (AS 37.07).

3 Sec. 41.45.320. ANNUAL AUDIT. The corporation shall have its
4 financial records audited annually by an independent auditor. The
5 legislative auditor may prescribe the form and content of the financial
6 record of the corporation and shall have access to these records at any
7 time.

8 Sec. 41.45.330. TAX EXEMPTION. The corporation is exempt from
9 all taxes and assessments in the state. All security instruments
10 issued by the corporation, their transfer, and their income are exempt
11 from all taxes and assessments in the state.

12 ARTICLE 5. DEFINITIONS.

13 Sec. 41.45.900. DEFINITIONS. In this chapter,

14 (1) "board" means the Board of Directors of the Alaska
15 Mineral Resources Corporation;

16 (2) "corporation" means the Alaska Mineral Resources Cor-
17 poration;

18 (3) "resident"

19 (A) means an individual who is physically present in
20 the state with the intent to remain permanently in the state or,
21 if he is not physically present in the state, intends to return to
22 the state and he is absent for the following reasons:

23 (i) vocational, professional or other special
24 education for which a comparable program was not reasonably
25 available in the state;

26 (ii) postsecondary education;

27 (iii) military service;

28 (iv) medical treatment; or

29 (v) service in Congress.

1 (B) includes a minor who takes the residence of his
2 parent or of his legal guardian;

3 (C) does not include a married woman who establishes
4 her own residence.

5 * Sec. 3. AS 39.25.110 is amended by adding a new paragraph to read:

6 (26) members of the board of directors and employees of the
7 Alaska Mineral Resources Corporation (AS 41.45).

8 * Sec. 4. AS 39.50.200(b) is amended by adding a new paragraph to read:

9 (44) Alaska Mineral Resources Corporation (AS 41.45).

10 * Sec. 5. AS 44.25.020(2) is repealed and reenacted to read:

11 (2) collect, account for, have custody of, invest and manage
12 all state funds and revenues of the state except revenues incidental to
13 a program of licensing and regulation carried on by another state
14 department, and do all other acts incidental to the performance of
15 these functions; the Department of Revenue

16 (A) shall issue fish and game licenses other than
17 vessel licenses under AS 16.05.490 - 16.05.530;

18 (B) shall collect fish and game license revenues other
19 than revenues from vessel licenses under AS 16.05.490 - 16.05.530;

20 (C) may not invest and manage revenues due to the
21 Alaska Mineral Resources Corporation under AS 41.45.100 after
22 June 30, 1982, unless by agreement with the corporation;

23 * Sec. 6. AS 44.25.020 is amended by adding a new paragraph to read:

24 (5) calculate and pay to the Alaska Mineral Resources
25 Corporation (AS 41.45) amounts payable to the corporation under AS 41.-
26 45.100.

27 * Sec. 7. AS 37.05.157 and 37.05.158 are repealed.

28 * Sec. 8. APPOINTMENT OF FIRST DIRECTORS OF CORPORATION. (a) The
29 governor shall appoint the first directors of the Alaska Mineral Resources

1 Corporation within 60 days after July 1, 1981.

2 (b) The terms of the directors of the Alaska Mineral Resource Corpora-
3 tion first appointed by the governor shall be staggered as follows:

4 (1) one member shall be appointed for a term of two years;

5 (2) one member shall be appointed for a term of three years; and

6 (3) one member shall be appointed for a term of four years.

7 * Sec. 9. FIRST MEETING OF THE BOARD OF DIRECTORS. The first meeting of
8 the Board of Directors of the Alaska Mineral Resources Corporation shall be
9 held within 30 days of the appointment of all members of the board.

10 * Sec. 10. INITIAL PAYMENT OF DIVIDEND OR DISTRIBUTION. An annual divi-
11 dend or distribution under AS 41.45.240 is not required before July 1, 1983.

12 * Sec. 11. Sections 1 - 5 and 7 - 10 of this Act takes effect July 1,
13 1981.

14 * Sec. 12. Section 6 of this Act takes effect July 1, 1982.

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