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# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

## DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

OFFICE OF THE COMMISSIONER

POUCH D

JUNEAU, ALASKA 99811

Phone: 465-2500

November 19, 1981

Honorable Bob Mulcahy  
Chairman  
Senate Labor and Commerce Committee  
Pouch V  
Juneau, Alaska 99811

Dear Senator Mulcahy:

Thank you for your request for a position statement and fiscal note on each of HB 386, CSHB 524 (L&C) and SB 606.

Fiscal notes are enclosed.

Our position on HB 386, an act relating to business corporations, is that there will be no fiscal effect on the Department of Commerce and Economic Development or the Division of Banking and Securities. The Department neither endorses nor objects to the substantive intent of the bill. The Department objects procedurally because a draft revision of AS 10.05 has been completed under the direction of the Code Revision Committee. Parties interested in HB 386 should contact John W. Abbott, Attorney at Law and Chairman, Code Revision Commission, 601 W. 5th, Suite 820, Anchorage, Alaska 99501 (907/276-3222), or Catherine Walsh, Secretary, Code Revision Committee, Juneau, Alaska 99811 (907/465-4878).

Our position on CSHB 524 (L&C), an act relating to small loans, is that there will be no fiscal effect on the Department of Commerce and Economic Development or the Division of Banking and Securities. The Department neither endorses nor objects to the bill.

Essentially, CSHB 524 (L&C) allows for interest adjustments on small loans, on an annual basis, if the Anchorage consumer price index exceeds 10% in any calendar year. This automatic rate adjustment should make it unnecessary to constantly initiate rate adjustments by legislative action.

On SB 606, an act relating to ownership of financial institutions by out-of-state bank holding companies, this Department and the Division of Banking and Securities, although not necessarily advocating interstate banking, do support the full legislative process in determining the needs of the state, its citizens, and a sound financial community. We opposed the special interest activity noted on this subject last session.

Honorable Bob Mulcahy

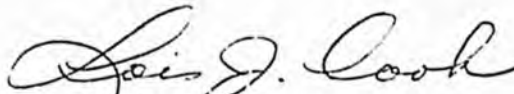
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November 19, 1981

SB 606 is acceptable inasmuch as it is not limited or restrictive to any size, condition, location, etc., of the bank holding company or subsidiary bank. We feel if interstate banking is going to be a benefit to the state it should go through the bank holding company structure. This will tend to preserve the dual banking system and also maintain some Alaska (community) management control and local interest of the subsidiary bank.

As to the regulatory scheme toward the proposed legislation, we see no problem as specifics in public protection are covered under the Alaska Banking Code and can be implemented by regulations. If, however, restricted activity or limiting provisions are amended into the bill, there may be serious problems in regulations and enforcement ability by the Department.

Sincerely,



Lois J. Cook  
Acting Deputy Commissioner

LJC/wfs 5/5

Enclosures

ALASKA INTERSTATE COMPANY

510 L STREET-SUITE 411

ANCHORAGE, ALASKA 99501

(907) 278-8800

RICHARD F. BARNES

VICE PRESIDENT

October 29, 1981

Hon. Bob Mulcahy, Chairman  
Senate Labor and Commerce Committee  
Box 246  
Kodiak, Alaska 99615

Dear Senator Mulcahy:

Enclosed is a copy of a bill that was introduced at our request last March in the House Labor and Commerce Committee. If the House acts on the matter this next season we will need your help on the Senate side to pass the legislation.

The measure extends the statutory period for delivering shareholder notices and soliciting proxies from fifty to sixty days. The sixty-day period is now standard in most states.

Like other Alaska corporations, we face a hectic period soliciting a sufficient number of proxies to represent a quorum at shareholder meetings. This timing problem is compounded by shares held in "street name" at brokerage houses, which must forward the information to the respective owners.

If the bill does come before your committee, we would appreciate favorable consideration of its merit. If you desire additional information or need testimony on the issue, we would be pleased to work with you. I have discussed this legislation with Terry Martin, Chairman of the House Labor and Commerce committee. He indicated that the bill (HB 386) may be acted on early in the session and sent to the Senate.

Our primary Alaskan operation provides natural gas service to homes and businesses in the Kenai Peninsula Borough and the Municipality of Anchorage. I have included a copy of last year's annual report describing the gas company and our other operations, for your information.

Very truly yours,

*R F Barnes*

Encs.

cc: Hon. Terry Martin



Official Business

# Alaska State Legislature

Senate

Labor & Commerce Committee

Pouch V  
State Capitol  
Juneau, Alaska 99811

HB 386: (by the House Labor and Commerce Committee)

Amends two sections of AS 10.05, the Alaska Business Corporation Act. Chapter relates to corporations which provide small business investments through participation in the Federal Small Business Investment Act of 1958. Bill amends Sec.141, "Notice of Share holder's Meetings," to require notice to be delivered not less than 10 or more than 60 ( currently 50) days before the date of the meetings. Also amends Sec 144, "Closing of Transfer Books and Fixing Record date," to allow the board of directors of a corporation to provide that the stock transfer books be closed for a stated period not exceeding 60 days (currently 50 days). Instead of closing the stock transfer books, the bylaws or the Board may fix in advance a date as the record date for the determination of shareholders. Bill amends section to state that record date must not be more than 60 days (currently 50 days) and, in case of a meeting of shareholders, not less than 10 days before the date on which the particular action requiring the determination of the shareholders is to be taken.. No effective date.

tenth of all the shares entitled to vote at the meeting, or the other officers or persons provided in the articles of incorporation or the bylaws. (§ 26 ch 126 SLA 1957)

ALR references. — Power of directors to change time for stockholders' meetings, 2 ALR 58; 8 ALR 678.

Sec. 10.05.141. Notice of shareholders' meetings. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose for which the meeting is called, shall be delivered not less than 10 nor more than 50 days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at the meeting. If mailed, the notice is considered delivered when deposited in the United States mail addressed to the shareholder at his address as it appears on the stock transfer books of the corporation, with postage prepaid. (§ 27 ch 126 SLA 1957)

ALR and C.J.S. references. — Validity of action taken at stockholders' meeting as affected by lack of notice, 51 ALR 941. Informality of notice as affecting action taken at meeting, 51 ALR 941. 18 C.J.S. Corporations § 544.

Sec. 10.05.144. Closing of transfer books and fixing record date.

(a) To determine the shareholders entitled to notice of or to vote at a meeting of shareholders or an adjournment of a meeting, or entitled to receive payment of a dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors of a corporation may provide that the stock transfer books shall be closed for a stated period not exceeding 50 days. If the stock transfer books are closed to determine shareholders entitled to notice of or to vote at a meeting of shareholders, they shall be closed for at least 10 days immediately preceding the meeting.

(b) Instead of closing the stock transfer books, the bylaws, or in the absence of an applicable bylaw the board of directors, may fix in advance a date as the record date for the determination of shareholders. This record date shall be not more than 50 days and, in case of a meeting of shareholders, not less than 10 days before the date on which the particular action requiring the determination of shareholders is to be taken. If the stock transfer books are not closed and no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the board of directors declaring the dividend is adopted is, as the case may be, the record date for the determination of shareholders. When a determination of shareholders entitled to vote at a meeting of shareholders is made, the

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determination applies to an adjournment of the meeting except where the determination has been made through the closing of the stock transfer books and the stated period of closing has expired. (§ 28 ch 126 SLA 1957)

**Sec. 10.05.147. Voting list.** (a) At least 10 days before each meeting of shareholders, the officer or agent having charge of the stock transfer books for shares of a corporation shall make a list of the shareholders entitled to vote at the meeting or an adjournment of the meeting, arranged in alphabetical order, with the address of and the number of shares held by each. The list shall be kept on file at the registered office of the corporation and is subject to inspection by a shareholder at any time during usual business hours for a period of 10 days prior to the meeting. The list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of a shareholder during the meeting. The original stock transfer books are prima facie evidence as to who are the shareholders entitled to examine the list or transfer books or to vote at a meeting of shareholders.

(b) Failure to comply with the requirements of this section does not affect the validity of the action taken at the meeting. (§ 29 ch 126 SLA 1957)

**Sec. 10.05.150. Liability for violation of § 147 of this chapter.** An officer or agent having charge of the stock transfer books who fails to prepare the list of shareholders, or keep it on file for a period of 10 days, or produce and keep it open for inspection at the meeting, as provided in § 147 of this chapter, is liable to a shareholder suffering damage because of the failure, to the extent of the damage. (§ 29 ch 126 SLA 1957)

**Sec. 10.05.153. Quorum of shareholders.** Unless otherwise provided in the articles of incorporation, a majority of the shares entitled to vote, represented in person or by proxy, constitutes a quorum at a meeting of shareholders. However, in no event may a quorum consist of less than one-third of the shares entitled to vote at the meeting. If a quorum is present, the affirmative vote of the majority of the shares represented at the meeting and entitled to vote on the subject matter is the act of the shareholders, unless the vote of a greater number or voting by classes is required by this chapter or the articles of incorporation or the by-laws. (§ 30 ch 126 SLA 1957)

**Sec. 10.05.156. Voting of shares.** (a) Each outstanding share, regardless of class, is entitled to one vote on each matter submitted to a vote at a meeting of shareholders, except to the extent that the voting rights of the shares of a class are limited or

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 386  
 Title An Act Relating to Business Corporations  
 Requested by Senate Labor and Commerce Committee Date November 9, 1981

II. FISCAL DETAIL

Agency Affected Department of Commerce & Economic Development  
 Program Category Affected Consumer Protection  
 BRU, Program, or Subprogram(s) Affected Corporations  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

|                          | FY 81 | FY 82 | FY 83 | FY 84 | FY 85 | FY 86 |
|--------------------------|-------|-------|-------|-------|-------|-------|
| 100 PERSONAL SERVICES    |       | 0     | 0     | 0     | 0     | 0     |
| 200 TRAVEL               |       | 0     | 0     | 0     | 0     | 0     |
| 300 CONTRACTUAL          |       | 0     | 0     | 0     | 0     | 0     |
| 400 COMMODITIES          |       | 0     | 0     | 0     | 0     | 0     |
| 500 EQUIPMENT            |       | 0     | 0     | 0     | 0     | 0     |
| 600 LAND & STRUCTURES    |       | 0     | 0     | 0     | 0     | 0     |
| 700 GRANTS, CLAIMS, ETC. |       | 0     | 0     | 0     | 0     | 0     |
| TOTAL                    |       | 0     | 0     | 0     | 0     | 0     |

FUNDING (Thousands of Dollars)

|                             | FY 81 | FY 82 | FY 83 | FY 84 | FY 85 | FY 86 |
|-----------------------------|-------|-------|-------|-------|-------|-------|
| GENERAL FUND                |       | 0     | 0     | 0     | 0     | 0     |
| FEDERAL FUNDS               |       | 0     | 0     | 0     | 0     | 0     |
| OTHER (Specify Fund Source) |       | 0     | 0     | 0     | 0     | 0     |

POSITIONS

|           | FY 81 | FY 82 | FY 83 | FY 84 | FY 85 | FY 86 |
|-----------|-------|-------|-------|-------|-------|-------|
| FULL TIME |       | 0     | 0     | 0     | 0     | 0     |
| PART TIME |       | 0     | 0     | 0     | 0     | 0     |
| TEMPORARY |       | 0     | 0     | 0     | 0     | 0     |

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

IV. DATE November 12, 1981 PREPARED BY Willis F. Kirkpatrick  
 AGENCY Department of Commerce & Economic Development  
 PHONE 465-2521  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)