

HB

149

<TARGET><BILL>HB 149</BILL><SUBJECT>HB
149</SUBJECT><COMM>HCRA29</COMM></TARGET>

Alaska State Legislature

Session:
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Representative Lance Pruitt
House Finance Member

HB 149 Sectional Analysis

Section 1. Amends AS 10.06.960 Corporations organized under ANCSA.

Allows a Native corporation incorporated under form AS 10.05 before July 1, 1989, to amend its articles of incorporation to reduce the quorum required hold a meeting to 1/3 of the outstanding shareholders.

The amendment may be adopted by the affirmative vote of a majority of the shares represented at a meeting at which a quorum is present. Clarifies a Native corporation may not use the reduced quorum to adopt other amendments to the articles of incorporation.

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Sponsor Statement

HB 149

An Act relating to an amendment of the articles of incorporation of certain Native corporations to establish a lower quorum requirement for shareholder meetings.

Passage of HB 149 seeks to allow Alaska Native Corporations (ANC's) to lower their quorum requirement for future meetings by reducing the voter approval needed to amend their articles of incorporation.

AS 10.06.415 allows a corporation to reduce its quorum to one-third of the shares eligible to vote by amending its articles of incorporation. Because nearly all ANC's were formed before July 1, 1989, the standard for amending their articles of incorporation is approval by two-thirds of the shares eligible to vote. For most other Alaska corporations formed after July 1, 1989 the standard is a majority of the shares eligible to vote. Many Alaska Native Corporations do not achieve a quorum of two-thirds, thus amendment of the articles of incorporation is virtually impossible as a practical matter.

There is a substantial cost to rescheduling or postponing an annual meeting because of a failure to obtain a quorum. Most ANC's have seen a downward trend over time in the quorum achieved at their annual meeting, as shares are passed on through inheritance and new shareholders become more geographically dispersed. Many ANC's need to be able to amend their articles of incorporation to provide for a lower quorum, such as the one-third quorum permitted by AS 10.06.415. However, lowering the quorum will require the amendment of ANC articles by a reasonably achievable standard.

HB 149 amends 10.06.960 to allow ANC's incorporated under former AS 10.05 before July 1, 1989 to amend their articles of incorporation to reduce the quorum requirements for a meeting of shareholders to one-third of the outstanding shares entitled to vote at a meeting, represented in person or by proxy.

Default Provisions for Quorum Requirements

For
ANCSA Corporations



For
**Other Corporations
Founded after 1989**



Before HB 149

Must have the **majority** of
eligible shareholders in
person or by proxy

Have **option to reduce**
quorum requirement to **1/3**
of eligible shareholders in
person or by proxy by
amending articles of
incorporation

After HB 149

1/3 of eligible shareholders in
person or by proxy for
corporations choosing to do so

1/3 of eligible shareholders in
person or by proxy for
corporations choosing to do so

Default Provisions for
Amending Articles of Corporation

For
ANCSA Corporations



For
Other Corporations
Founded after 1989



Before HB 149

Must have 2/3 of eligible
shareholders in person or
by proxy

Majority of eligible
shareholders in person or
by proxy

After HB 149

Majority of eligible
shareholders ***present***

Majority of eligible
shareholders in person or
by proxy

Note: The "lesser amount vote" will apply ***only*** to quorum requirements. Other amendment requirements will continue to require a 2/3 vote for ANCSA.

Fiscal Note

State of Alaska
2015 Legislative Session

Bill Version: HB 149
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB149-DCCED-CBPL-03-20-15
Title: NATIVE CORP. ART. AMENDMENTS
Sponsor: PRUITT
Requester: (H) COMMUNITY AND REGIONAL AFFAIRS

Department: Department of Commerce, Community and
Economic Development
Appropriation: Corporations, Business and Professional
Licensing
Allocation: Corporations, Business and Professional
Licensing
OMB Component Number: 2360

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2016 Appropriation Requested	Included in Governor's FY2016 Request	Out-Year Cost Estimates					
			FY 2016	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues

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Estimated SUPPLEMENTAL (FY2015) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2016) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Not applicable, initial version.

Prepared By:	Janey Hovenden, Director	Phone:	(907)465-2536
Division:	Corporations, Business and Professional Licensing	Date:	03/20/2015 11:12 AM
Approved By:	Catherine Reardon, Director	Date:	03/20/15
Agency:	Division of Administrative Services, DCCED		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2015 LEGISLATIVE SESSION

BILL NO. HB 149

Analysis

HB149 allows a Native corporation organized before July 1, 1989, under 43 U.S.C. 1601 (Alaska Native Claims Settlement Act) to amend its articles of incorporation to reduce the quorum necessary to hold a meeting to one-third of the outstanding shares entitled to vote. The reduced quorum may not be used to adopt other amendments or resolutions.

The Division of Corporations, Business, and Professional Licensing does not anticipate fiscal impact from this legislation.