

LEG. FINANCE - BILLS 1979 - 1980 1270

SB 112am cont.

1270

1 \* Sec. 12. AS 10.05.756 is amended to read:

2       Sec. 10.05.756. TAXES, PENALTIES AND FEES ON FILING CERTIFICATE OF  
3 DISSOLUTION OF FOREIGN CORPORATION. A foreign corporation desiring to  
4 file a certificate of dissolution from the state of its origin may file  
5 the certificate, when signed by the proper state officer, under seal,  
6 upon payment of all annual corporation taxes and penalties due at the  
7 time of dissolution. The filing fee in the office of the commissioner  
8 shall be established by the department by regulation [IS \$5].

9 \* Sec. 13. AS 10.05.762 is amended to read:

10       Sec. 10.05.762. FEES FOR CERTIFIED COPIES OF INSTRUMENTS. The fee  
11 for furnishing a certified copy of any instrument shall be established  
12 by the department by regulation [IS \$1 FOR THE FIRST THREE FOLIOS OR  
13 LESS AND 20 CENTS A FOLIO FOR EACH ADDITIONAL FOLIO. HOWEVER, THE  
14 CHARGE FOR A CERTIFIED COPY OF ARTICLES OF INCORPORATION IS \$5 FOR THE  
15 FIRST 20 FOLIOS OR LESS AND 20 CENTS A FOLIO FOR EACH ADDITIONAL FOLIO].

16 \* Sec. 14. As 10.15.255 is amended to read:

17       Sec. 10.15.255. TERMINATION OF FILED CONTRACT. When a contract  
18 filed under AS 10.15.230 - 10.15.260 has been terminated in any manner,  
19 the cooperative shall upon demand, give a statement of termination to  
20 the member party to the contract, who may file the statement in the  
21 office of the precinct recorder where the contract was originally filed.  
22 The precinct recorder shall stamp "expired" after the name of the member  
23 in the alphabetical record. The fee for the filing and stamping shall  
24 be established by the department by regulation [IS 25 CENTS].

25 \* Sec. 15. AS 10.15.260 is amended to read:

26       Sec. 10.15.260. FILING OF LIST OF TERMINATED CONTRACTS. A cooper-  
27 ative may file in the office of the precinct recorder where the contract  
28 was originally filed a sworn list of the names of all persons whose  
29 contracts have been terminated in a manner other than by expiration of

1 their term. The precinct recorder shall stamp "expired" after the name  
2 of each of those persons in the alphabetical record. The fee for the  
3 filing and stamping shall be established by the department by regulation  
4 [IS TWO CENTS FOR EACH NAME].

5 \* Sec. 16. AS 10.15.535 is repealed and re-enacted to read:

6 Sec. 10.15.535. DETERMINATION OF LICENSE FEE FOR COOPERATIVE  
7 AUTHORIZED TO ISSUE CAPITAL STOCK. The license fee of each cooperative  
8 authorized by its articles to issue capital stock shall be established  
9 by the department by regulation based on the amount of authorized capi-  
10 tal stock.

11 \* Sec. 17. AS 10.15.545 is amended to read:

12 Sec. 10.15.545. LICENSE FEE FOR COOPERATIVE WITHOUT CAPITAL STOCK.  
13 The license fee of each cooperative having no authorized shares of  
14 capital stock shall be established by the department by regulation [IS  
15 \$25].

16 \* Sec. 18. AS 10.15.555 is amended to read:

17 Sec. 10.15.555. MISCELLANEOUS FEES AND CHARGES. (a) The depart-  
18 ment shall establish by regulation and charge and collect from a cooper-  
19 ative fees for filing

20 (1) articles of incorporation or articles of consolidation  
21 for a new cooperative [,\$15 TOGETHER WITH THE PROPOFTIONATE PART OF THE  
22 ANNUAL LICENSE FEE PAYABLE FOR THE SUCCEEDING FRACTION OF THE FISCAL  
23 YEAR];

24 (2) articles of amendment, restated articles, or articles of  
25 merger, [\$10,] and, if the articles provide for an increase of the  
26 amount of authorized capital stock of the cooperative, the filing coop-  
27 erative shall also pay the proportionate part of the annual license fee  
28 for the succeeding fraction of the fiscal year, payable by a cooperative  
29 whose authorized shares equal the newly increased authorized shares of

1 the filing cooperative, less the annual license fee already paid for the  
2 succeeding fraction of the fiscal year by the filing cooperative; but  
3 filing articles decreasing the authorized shares does not reduce the  
4 annual license fee of the filing cooperative until the beginning of the  
5 fiscal year following that in which the articles were filed;

6 (3) statement of intent to dissolve [,\$5];

7 (4) statement of revocation of voluntary dissolution pro-  
8 ceedings [,\$5];

9 (5) articles of dissolution [,\$10];

10 (6) all other statements, except an annual statement [,\$5].

11 (b) The department may by regulation charge each cooperative  
12 corporation subject to this chapter a fixed annual fee in place of  
13 charging cooperative corporations the various fees specified in this  
14 chapter, with the exception of AS 10.15.535, (a)(1) of this section, and  
15 for routine administrative services rendered to the cooperative corpora-  
16 tion by the department.

17 \* Sec. 19. AS 10.20.450 is amended by adding new subsections to read:

18 (b) If a dissolved corporation is the owner of real or personal  
19 property, or claims any interest in or lien upon any real or personal  
20 property, the corporation through its board of directors, continues to  
21 exist for five years after the date of dissolution for the purpose of  
22 conveying, transferring, or releasing the real or personal property or  
23 interest in or lien upon that property. In addition, a dissolved cor-  
24 poration through its board of directors, continues to exist for the  
25 purpose of being made a party in any action or proceeding arising before  
26 dissolution and involving the title to real or personal property or any  
27 interest in it. The action or proceeding may be instituted and main-  
28 tained in the same manner as before the dissolution of the corporation.  
29 This subsection does not affect or suspend any statute of limitations

1 applicable to a claim.

2 (c) For the purpose of service of process, notice, or demand  
3 within the prescribed time following dissolution, the commissioner is an  
4 agent of the dissolved corporation upon whom service may be made in the  
5 manner prescribed in AS 10.05.057(b).

6 \* Sec. 20. AS 10.20.530 is amended to read:

7 Sec. 10.20.530. SERVICE ON COMMISSIONER. When a foreign corpora-  
8 tion authorized to transact business in the state, or not authorized to  
9 transact business in the state but doing so, fails to appoint or main-  
10 tain a registered agent in the state, or when a registered agent cannot  
11 with reasonable diligence be found at the registered office, or when the  
12 certificate of authority of a foreign corporation is suspended or re-  
13 voked, the commissioner is an agent upon whom process, notice, or demand  
14 may be served. Service on the commissioner shall be made by delivering  
15 to and leaving with him, or with a person designated by him in the  
16 corporation division of his office, duplicate copies of the process,  
17 notice or demand, accompanied by a fee established by the department  
18 by regulation [OF \$10]. The commissioner shall immediately have one  
19 copy forwarded by registered or certified mail, addressed to the cor-  
20 poration at its principal office in the state or country under whose  
21 laws it is incorporated. Service on the commissioner is returnable in  
22 not less than 30 days.

23 \* Sec. 21. AS 10.20.635 is amended to read:

24 Sec. 10.20.635. FEES FOR FILING DOCUMENTS AND ISSUING CERTIFI-  
25 CATES. (a) The commissioner shall establish by regulation, charge and  
26 collect for

27 (1) filing articles of incorporation and issuing a certifi-  
28 cate of incorporation [,\$30];

29 (2) filing articles of amendment and issuing a certificate of

1 amendment [,\$15];

2 (3) filing restated articles of incorporation and issuing  
3 restated certificate of incorporation [,\$15];

4 (4) filing articles of merger or consolidation and issuing a  
5 certificate of merger or consolidation [,\$15];

6 (5) filing a statement of change of address of registered  
7 office or change of registered agent, or both [,\$10];

8 (6) filing articles of dissolution [,\$10];

9 (7) filing an application of a foreign corporation for a  
10 certificate of authority to conduct affairs in this state and issuing a  
11 certificate of authority [,\$30];

12 (8) filing an application of a foreign corporation for an  
13 amended certificate of authority to conduct affairs in this state and  
14 issuing an amended certificate of authority [,\$15];

15 (9) filing a copy of an amendment to the articles of incorpo-  
16 ration of a foreign corporation holding a certificate of authority to  
17 conduct affairs in this state [,\$15];

18 (10) filing a copy of articles of merger of a foreign corpo-  
19 ration holding a certificate of authority to conduct affairs in this  
20 state [,\$15];

21 (11) filing an application for withdrawal of a foreign corpo-  
22 ration and issuing a certificate of withdrawal [,\$10];

23 (12) filing any other statement or report, including an  
24 annual report, of a domestic or foreign corporation [,\$5].

25 (b) The department may by regulation charge each corporation  
26 subject to this chapter a fixed annual fee in place of the various  
27 fees specified in this chapter, with the exception of (a)(1) of this  
28 section and for routine administrative services rendered to the corpo-  
29 ration by the department.

1 \* Sec. 22. AS 10.20.640 is amended to read:

2       Sec. 10.20.640. FEE FOR CERTIFIED COPIES OF INSTRUMENTS. The fee  
3 for furnishing a certified copy of any instrument shall be established  
4 by the department by regulation [IS \$1 FOR THE FIRST THREE FOLIOS OR  
5 LESS AND 20 CENTS A FOLIO FOR EACH ADDITIONAL FOLIO. HOWEVER, THE  
6 CHARGE FOR A CERTIFIED COPY OF ARTICLES OF INCORPORATION IS \$5 FOR THE  
7 FIRST 20 FOLIOS OR LESS AND 20 CENTS A FOLIO FOR EACH ADDITIONAL FOLIO].

8 \* Sec. 23. AS 10.25.530 is amended to read:

9       Sec. 10.25.530. FEES. (a) The commissioner shall establish by  
10 regulation, charge and collect filing fees for

- 11           (1) filing articles of incorporation [,\$15];  
12           (2) filing articles of amendment [,\$10];  
13           (3) filing articles of consolidation or merger [,\$10];  
14           (4) filing articles of conversion [,\$15];  
15           (5) filing certificate of election to dissolve [,\$5];  
16           (6) filing articles of dissolution [,\$10];  
17           (7) filing certificate of change of principal office and  
18 designation or change of registered office and registered agent [,\$5];  
19 and  
20           (8) acting as agent for service of process [,\$10].

21       (b) The department may by regulation charge each cooperative  
22 subject to this chapter a fixed annual fee in place of the various  
23 fees specified in this chapter, with the exception of (a)(1) of this  
24 section, and for the routine administrative services rendered to the  
25 corporation by the department.

26 \* Sec. 24. AS 10.35.060 is amended to read:

27       Sec. 10.35.060. FEE FOR AND DURATION OF REGISTERED NAME. The fee  
28 for the initial registration of a business name shall be established  
29 by the department by regulation [IS \$20]. The year in which the regis-

1       tration becomes effective is considered a full year of registration and  
2       the registration is effective until the close of the fifth calendar year  
3       beginning with the year of initial registration.

4       \* Sec. 25. AS 10.35.070 is amended to read:

5             Sec. 10.35.070. RENEWAL OF REGISTERED NAME. A registered business  
6       name may be renewed every five years if an application for renewal is  
7       filed. An application for renewal must set out the facts required in an  
8       original application for registration and be accompanied by a renewal  
9       fee to be established by the department by regulation [OF \$20]. An  
10      application for renewal may be filed between October 1 and December 31  
11      of any year. The renewal of the registration extends the registration  
12      for the following five calendar years.

13      \* Sec. 26. AS 10.40.140(a) is amended to read:

14             (a) Any document required to be filed with the commissioner under  
15      this chapter shall be accompanied by a fee to be established by the  
16      department by regulation [OF \$10].

17      \* Sec. 27. This Act takes effect July 1, 1980.

# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

## DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

DIVISION OF BANKING, SECURITIES, SMALL LOANS & CORPORATIONS

POUCH D  
JUNEAU, ALASKA 99811

February 29, 1980

Honorable John Sackett  
Chairman, Senate Finance Committee  
Pouch V  
Juneau, Alaska 99811

Dear Senator Sackett:

Re: SB 112 and Amendments

At the hearing on SB 112 before the Senate Finance Committee today you asked me (1) to explain the fiscal impact of amendments to SB 112 providing for a biennial report and (2) to get a better estimate of the data processing costs to convert the present corporate report and corporation tax from an annual to a biennial period.

### FISCAL IMPACT

With regard to the first item, you have asked more specifically: if the biennial report will reduce the paper flow through the division, then why cannot the number of employees administering the Corporation and Association Title (AS 10) be decreased accordingly? I stated at today's hearing that it was difficult to estimate the total time saved in going to a biennial report because corporations would be required to submit notice of changes where there had been a change in officers, directors, 5% shareholders or alien affiliates in the alternate years when the formal biennial report was not due. I suggested that the best way to get an accurate appraisal of the savings would be to allow the division to operate with its present staffing for at least one fiscal year under the biennial reporting requirements.

Nevertheless, I would hope that there would be a savings of perhaps at least 30 to 40% of the time presently spent on processing annual reports. At present the Corporation Section spends approximately 30% of its entire time processing annual reports, rejecting incomplete reports, processing the resubmissions of those rejected reports, and processing the corporation tax payments. The balance of 70% of the time of the Corporation Section is spent responding to requests by the public for information, processing applications for articles of incorporation for domestic corporations, processing amendments to articles of incorporation, processing applications for registration of foreign

corporations, processing reservations of business names and corporate names, administering the Alaska Trademarks Statute, and many other specific duties relating to the administration of AS 10.

February 29, 1980

In summary, the Corporation Section could realize as much as a 12% reduction in the total time it spends in administering AS 10 and the trademarks statutes (40% reduction in time spent in processing annual reports, i.e., 30% of the total time expended by the Corporation Section in administering AS 10 and the trademarks statutes, = 12% of that total time).

Dear Senator Sackett:  
It should be pointed out, however, that the Corporation Section has experienced considerable difficulty in taking care of its present responsibilities under AS 10 and in fact has sizable backlogs of work in several areas. In addition, there are other areas of administration of AS 10 that, of a necessity, have been neglected in the past because of lack of adequate manpower (it should be noted that while the division has requested that the Governor's budgets, of the past two years, include an increase in staffing in the Corporation Section, those requests have been denied by the Governor's office.

The division has therefore had to set priorities on the work to be done. The following are examples where the division has either fallen behind in processing applications or has had to not take on projects which nevertheless are important from the standpoint of proper administration of AS 10: number of employees administering the Corporation and Association Title (AS 10) be decreased accordingly? Articles of incorporation and applications for certificate of authority are received at an average of 200 per month however, the division is currently four weeks behind in processing them, based on the date received. As a result the organizers are prevented from obtaining the liability protection from incorporation any may otherwise be impeded in transacting business, if they may not be able to bid on a contract until such time as the certificate of incorporation is issued by the department. This backlog equates to one man-month of work to be done.

Nevertheless, I would hope that there would be a savings of perhaps at least 30% of the section is five weeks behind in processing annual reports and tax payments for this year's filing period based on the date received. This backlog equates to two man months of work to be done. 30% of the time spent on processing the corporation tax payments. The balance of 70% of the time of the Corporation Section is spent responding to requests by the public for information, processing applications for articles of incorporation for domestic corporations, processing amendments to articles of incorporation, processing applications for registration of foreign

- a) Annual report information is not always cross checked with information already in the file due to the lack of time during the period when annual reports are being submitted. For example, the division recently found that several corporations in filing their 1979 annual reports disclosed capitalizations which were larger than those shown in their articles of incorporation on file with the division, i.e., the increased capitalizations had been accomplished at some time in the past without filing of amendments to those articles of incorporation and payment of appropriate fees under AS 10.05.711. The result is a loss of revenue to the state. It is estimated it would take at least four man-months to go through the file systematically to check for the losses of fees.
  - b) All employees, including the supervisor have been processing corporate annual reports, setting aside their regular duties for at least one-half of each day. This effort to process the reports has caused supervisory duties to go unattended or limited. This neglect of other duties has caused a backlog of at least one man-month.
  - c) The backlog of annual reports prevents the division from issuing certificates of compliance (indicating that the corporation is in good standing under AS 10.05) in a timely manner and causes complaints from the public. It also delays the filing of amendments to articles of incorporation, since a corporation must be in good standing before any filings can be accepted by the division.
  - d) In addition, alien affiliate information required by AS 10.05.702(8) cannot be verified with present staffing. Even minimal correspondence to clarify filings by corporations is difficult to take care of given other commitments of the Corporation Section. The House Resources Committee has shown a great deal of concern in this regard. In fact, House Concurrent Resolution 9 was overwhelmingly approved last year urging the division to be more aggressive in verifying alien affiliate information received in corporate annual reports.
3. The Corporation Section maintains all annual reports and other filings in the form of microfiche. However, the microfilming of these materials is behind six months because of the inability of the division to find time to insert 16mm film into microfiche jackets. The Archives Section of the Division of General Services and Supply microfilms the reports but has been constantly delayed because of the division's six month backlog and had threatened to stop doing the division's filming unless this backlog is eliminated soon. This backlog equates to three man-months of work to be done.

4. Corporate status requests by the public are received on a daily basis, but the volume of requests is extremely large during the period of annual report filings. The division is currently one man-month behind in this area.
5. Several weeks ago, the division was backlogged on reinstatements of corporations after they are dissolved, i.e., approximately 15% of the corporations that are involuntarily dissolved for failure to file an annual report or pay the corporation tax do eventually reinstate. This backlog amounted to one man-month, and it is difficult to say how long it can be kept current given other responsibilities of the Corporation Section. The result is

a loss of revenue to the state. It is estimated it would take 8-9 man-months to take care of the search of corporate capitalization information to seek out corporations that have not paid the appropriate fees under AS 10.05.71, setting up their regular

for at least one-half of each day. This effort to process It should also be pointed out that the Corporation Section averages about 60 telephone calls per day with peak periods during January-March of each year of as much as 85 calls per day. This section has been forced to turn off its telephones on occasion to enable the employees to process the annual reports and otherwise attend to other business under AS 10. This procedure has resulted in complaints the corporate status and other information is not timely available, standing under AS 10.05) in a

manpower and caused complaints from the public. It also The Corporation Section has not had an increase in personnel responsible for administering AS 10 for several years. However, at the same time, the number of new incorporations is increasing at the rate of 200 per month. As a result, the present staff of the Corporation Section at times gets so far behind that assistance is sometimes obtained from other divisions for short periods of time. However, the services of these persons cannot be relied upon for any extended period. The net effect is that the Corporation Section is constantly trying to eliminate one backlog and forced to allow others to accumulate. This predicament is not momentary but rather is a chronic problem aggravated by the limited personnel resources available to the division.

last year urging the division to Faced with the even increasing workload of the Corporation Section, the conclusion drawn by myself was that some means of reducing that work load was imperative or else the section would be drowned in a sea of paper and complaints. The Corporation Section presently has five employees, and the proposed amendments to SB 112 providing for a biennial report should save at least 12% of the Corporation Section's total time efforts, if it takes about one-half a year to The section's employees would be challenged to eliminate the eight man-month backlog (not to mention the four man-month capitalization review project) and keep the section current on activities other than the corporate report and corporation filings tax. That is, the present eight man-month backlog is sufficient activity to more backlog is eliminated soon. This can be accomplished in man-months of work to be done.

than take up the one-half man-year savings hoped for in going to a biennial report basis, but the volume of requests is so large during the period of annual reports that the Division is DATA PROCESSING CHARGES

On the second question that you raised regarding the data processing charges for converting from an annual to a biennial corporate report, I contacted Mike Wheeler, Deputy Director of the Division of Data Processing and explained the committee's concern about the fiscal note which was submitted. He said he would see to it that I got an estimate by 4:30 p.m. today. In fact, I did get an estimate of one-man-week at \$50 per hour or \$2,000 as a maximum cost for the conversion. I am therefore submitting a revised fiscal note based on this input from the Division of Data Processing. I would be happy to discuss the fiscal impact, the substance of SB 112, and the proposed amendments with you at your convenience.

Sincerely,



Julius J. Brecht

It should also be pointed out that the Corporation Section receives about 60 telephone calls per day each year of as much as 25 calls per day to turn off its telephones on occasion the annual reports and otherwise a Director other business under AS 10. This procedure has resulted in complaints that information is not timely available.

JJB:aw

Enclosure

The Corporation Section has been faced as in previous years with the problem of providing services to the public. The number of requests for information is increasing each year. At present, the present staff of the Corporation Section is unable to provide assistance in a timely manner. The Corporation Section is currently trying to eliminate one backlog and forced to allow others to accumulate. This predicament is not necessary but rather is a result of the limited personnel resources available.

Faced with this ever increasing work load on the conclusion drawn by myself was that some work load was imperative or else the section would be overwhelmed. The Corporation Section proposed amendments to the report should save at least 12% of the Corp efforts, i.e., about one-half man-year. The challenge is to eliminate the eight man-month four man-month annualization review project on activities other than the corporate reports. That is, to assess eight man-month backlog

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 112

Title An act relating to corporate dissolution and reinstatement and fees.

Requested by Senate Finance Committee

Date 3/3/80

II. FISCAL DETAIL

Agency Affected Commerce & Economic Development

Program Category Affected Public Protection

Budget Request Unit(s) Affected Banking & Securities

EXPENDITURES (Thousands of Dollars)

	.80 FY-79	81 FY 80	82 FY 81	.83 FY 82	84 FY 83	85 FY 84
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL	2.0					
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	2.0	0	0	0	0	0

FUNDING (Thousands of Dollars)

GENERAL FUND	2.0					
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME	0	0	0	0	0	0
PART TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

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

This fiscal note supercedes the one dated 1/3/80. The estimate of fiscal impact is based on conversations (2/29/80) which I had with Dave George, who is responsible for services to the administration within the Division of Data Processing. In reviewing the present software package for the on-line data system of the Division of Banking & Securities, Mr. George estimated that one-man week at \$50 per hour or \$2000 would be the maximum cost of conversion of the package from an annual to a biennial corporate report format.

Under present law, corporations must submit corporate reports and corporation taxes annually. The proposed amendments to SB 112 will change these reporting and tax requirements to a biennial period. At present, the division maintains a computer online corporate data base, does computer searches and does other things necessary for file maintenance. The change from an annual to a biennial reporting period will require modification of the computer software.

IV. DATE 3/3/80

PREPARED BY Julius J. Brecht

AGENCY Division of Banking & Securities

PHONE 465-2521

Original: Legislative Finance

cc. Budget and Management

Prime Sponsor (First Legislator Named)

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. SB 112 amendments  
 Title An Act relating to corporate dissolution and reinstatement, & fees paid by businesses and corporations  
 Requested by Governor Date 1/27/80

II. FISCAL DETAIL  
 Agency Affected Commerce and Economic Development  
 Program Category Affected Public Protection  
 BRU, Program, or Subprogram(s) Affected \_\_\_\_\_  
 (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 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL	20.0					
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>20.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

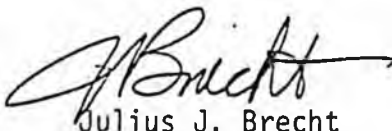
FUNDING (Thousands of Dollars)

GENERAL FUND	20.0					
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	0	0	0	0	0	0
PART TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)  
 Under present law, corporations must submit corporate reports and corporation taxes annually. The proposed amendments to SB 112 will change these reporting and tax requirements to a biennial period. At present, the division maintains a computer on line corporate data base, does computer searches and does other things necessary for file maintenance. The change from an annual to a biennial reporting period will require modification of the computer software. The Division of Data Processing cannot give the division an estimate of the cost at this time, however, it is not expected to exceed the amount requested. Any funds not used for the conversion of the computer programs would lapse to the general fund.

IV. DATE 1/3/80 PREPARED BY  Julius J. Brecht  
 AGENCY Division of Banking & Securities  
 PHONE 465-2521  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

# STATE OF ALASKA

## DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

*DIVISION OF BANKING, SECURITIES, SMALL LOANS & CORPORATIONS*

JAY S. HAMMOND, GOVERNOR

Phone: 465-2521

POUCH D  
JUNEAU, ALASKA 99811

May 9, 1980

The Honorable Russ Meekins  
Chairman, House Finance Committee  
Pouch V  
Juneau, Alaska 99811

Dear Mr. Meekins:

Re: HCSSB 112

The above captioned bill relates to several changes to the Alaska Corporations and Associations Title (AS 10). This bill has just passed out of the House Commerce Committee after a careful review resulting in several amendments.

I am enclosing some materials that further explain the provisions of the bill. Basically, the bill provides for the following:

1. changing the fees charged for various services (replaces fixed fees by fees to be set by regulation with a restriction based on the Anchorage Consumer Price Index),
2. changing from an annual to a biennial reporting and corporation tax payment period,
3. clarifying the alien affiliates reporting requirements, and
4. setting out administrative procedures for the cancellation of actions taken by the department (requirements for hearings).

As you know, the House has expressed concern about the enforcement of the alien affiliates reporting requirements during the past session of the present Alaska Legislature (See, HCR 9). The bill before you is in part in response to that concern. In order to address properly the alien affiliate issue, the division will need an experienced investigator and support staff. There is then a fiscal note dated April 24, 1980 included in the materials which I have enclosed.

The bill before you will streamline the accounting procedures for various statutory fees, will greatly reduce the reporting of redundant information on the approximately 12,000 corporations on file with the

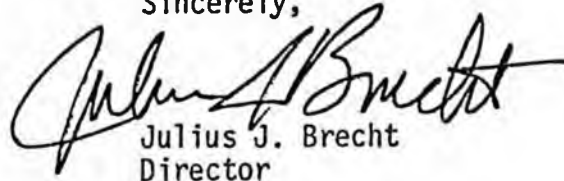
May 2, 1980

department, and will clarify the alien affiliate reporting requirements under AS 10.05. In this way, those who make use of the benefits or services provided under AS 10 will pay for them and not the Alaskan taxpayer. While the provisions of the bill are somewhat lengthy, it is my belief that they are necessary and prudent modifications of AS 10 in the best interests of efficient government, the users of corporate files and the Alaskan taxpayer.

Because of the extensive amendments thus far, the bill must go back to the Senate for approval. In light of the approaching adjournment of this session of the Alaska Legislature, I urge your timely consideration of the merits of the bill before you.

Please do not hesitate to contact me if you have any questions regarding this bill.

Sincerely,

A handwritten signature in cursive script, appearing to read "Julius J. Brecht".

Julius J. Brecht  
Director

JJB/s124J

Enclosures

cc: Representative Fred Zharoff

# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

## DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

DIVISION OF BANKING, SECURITIES, SMALL LOANS & CORPORATIONS

POUCH D  
JUNEAU, ALASKA 99811  
Phone: 465-2521

April 14, 1980

Honorable Fred E. Brown  
Alaska House of Representatives  
Chairman, House Commerce Committee  
Pouch V  
Juneau, Alaska 99811

Dear Mr. Brown:

RE: Proposed Draft HCSSB 112

Please find enclosed a copy of the proposed HCSSB 112, a bill relating to corporations and businesses regulated under AS 10.

As you know, SB 112 was before the House Commerce Committee late last month. The proposed HCSSB 112 incorporates the recommendations of the committee at that time regarding a ceiling on increases of corporate fees set by the department by regulation. The ceiling is tied to the consumer price index for Anchorage.

The proposed HCSSB 112 draws on the following elements:

1. SB 112 am (effective date am) passed by the Senate;
2. Amendments submitted by the division relating to:
  - A. requiring a biennial rather than an annual corporate report filing from business, nonprofit, religious, and professional corporations;
  - B. requiring a biennial rather than an annual corporation tax payment for business corporations; and
  - C. reducing the delinquency period from six to two months, after which the department must take steps to involuntarily dissolve the business corporations for failure to pay the corporation tax or file a corporate report;

April 14, 1980

3. HB 530, which sets out administrative procedures for the cancellation of certificates issued by the department under AS 10 and hearings on such actions; and
4. HB 767, which clarifies the present alien affiliate reporting requirements under AS 10.05.


As you know, Representative Zharoff proposed that the thrust of HB 767 be attached as an amendment to SB 112. Because a portion of HB 767 envisions stricter penalties for failure to file alien affiliate information, I recommended to the House Commerce Committee that administrative procedures be set out in AS 10.05 to insure timely consideration of protests by corporations. The provisions of HB 530 set out such procedures, and so they are incorporated in the proposed HCSSB 112.

I am enclosing a brief analysis of the proposed HCSSB 112 for the information of the committee. The analysis shows where the various sections came from and refers to other memoranda which I have submitted to the committee and which explain those sections in more detail.

The bill before you will streamline the accounting procedures for various statutory fees, will greatly reduce the reporting of redundant information on the approximately 12,000 corporations on file with the department, and will clarify the alien affiliate reporting requirements under AS 10.05. In this way, those who make use of the benefits or services provided under AS 10 will pay for them and not the Alaska taxpayer. While the proposed amendments are somewhat lengthy, it is my belief that they are necessary and prudent modifications of AS 10 in the best interest of efficient government, the users of corporate files and the Alaska taxpayer.

Please do not hesitate to contact me if you have any questions regarding the proposed HCSSB 112.

Sincerely,



Julius J. Brecht  
Director

JJB/cwB26

Enclosures

cc: Representative Fred Zharoff

# MEMORANDUM


State of Alaska

TO: Members of the Committee

DATE: April 15, 1980

FILE NO:

TELEPHONE NO:

FROM:  Julius J. Brecht, Director  
Division of Banking & Securities  
Department of Commerce and  
Economic Development

SUBJECT: Brief Section-by-Section  
Analysis of Proposed  
HCSSB 112

The following is a brief outline of the provisions of proposed HCSSB 112, a bill relating to the regulation of corporations and businesses under AS 10 and providing for an effective date.

Where appropriate, references are made in the analysis below to other memoranda where more detailed discussions of the provisions of the bill may be found. The bill draws on the following elements:

1. SB 112 am (eff. date am) passed by the Senate;
2. amendments submitted by the division relating to
  - a. requiring a biennial rather than an annual corporate report filing for business, nonprofit, religious and professional corporations;
  - b. requiring a biennial rather than an annual corporation tax payment for business corporations; and
  - c. reducing the delinquency period from six to two months, after which the department must take steps to involuntarily dissolve business corporations for failure to pay the corporation tax or file a corporate report under AS 10.05;
3. HB 530, a bill which sets out administrative procedures for the cancellation of certificates issued by the department under AS 10 and hearings on such actions; and
4. HB 767, a bill which clarifies the present alien affiliate recording requirements under AS 10.05.

The amendments referred to in item 2 above were considered by the Senate Finance Committee but were inadvertently left out of the bill as it was voted on by the full Senate.

The section-by-section outline which appears below makes reference to the section numbers of the proposed draft of the bill.

Sec. 1 (AS 10.05.039(a)). This section comes from SB 112 and is one of several in the proposed bill allowing the department to establish fees by regulation. In particular, this section relates to the fee for registration of a corporate name, subject to AS 10.05.773. Sec. 773 sets out that the fee may be increased by no more than the percentage increase in the consumer price index for Anchorage. The restriction on the amount of increase in a fee has been incorporated at the request of the House Commerce Committee. See, my memorandum dated January 19, 1979.

Sec. 2 (AS 10.05.042). See, Sec. 1.

Sec. 3 (AS 10.05.048). This section comes from the division's amendments to SB 112 and deals with the filing of a list of registered corporations with the Superior Court. See, my memorandum dated February 5, 1980.

Sec. 4 (AS 10.05.250). This section is based on a provision of HB 767 and is one of many in the proposed bill dealing with the alien affiliate reporting requirement. In particular, this section requires the reporting of information in the context of a reorganization of a corporation. See, my memorandum dated February 22, 1980.

Secs. 5 and 6 (AS 10.05.250(a)(13) and 10.05.259). See, Sec. 4.

Sec. 7 (AS 10.05.519(a)(1)). This section comes from the division's amendments to SB 112 and sets out that the department must take steps to dissolve a corporation which is two months delinquent (rather than the present provisions of six months) in filing its biennial corporate report or in paying a license filing fee or penalty. See, my memorandum dated February 5, 1980.

Sec. 8 (AS 10.05.519(a)). Paragraph 6 of this section comes from HB 767 and paragraph 7 comes from the division's amendments to SB 112. The provisions set out two additional grounds for the dissolution of a corporation under AS 10.05. See, my memoranda dated February 22, 1980 and February 5, 1980, respectively.

Sec. 9 (AS 10.05.519(d)). This section comes from SB 112 and repeals the reference to limited partnerships in the context of reinstatement of a corporate entity. See, my memorandum dated January 19, 1979.

Section 10 (AS 10.05.594). This section comes from SB 112 and provides that the existence of a corporation is extended five years beyond the date of dissolution for purposes of distribution of later discovered assets. See, my memorandum dated January 19, 1979.

Secs. 11-12 (AS 10.05.615(5) and 615(12)). See, Sec. 4.

Sec. 13 (AS 10.05.675(1)). This section comes from the division's amendments to SB 112 and relates to the changing of the corporation tax payment period from once a year to once every two years, i.e., a biennial tax period. See, my memorandum dated February 5, 1980.

Sec. 14 (AS 10.05.696). See, Sec. 13.

Sec. 15 (AS 10.05.699). This section comes from the division's amendments to SB 112 and relates to the changing of the reporting period for corporations from once a year to one every two years, i.e., a biennial corporate report to the department. See, my memorandum dated February 5, 1980.

Sec. 16 (AS 10.05.702). This section comes from the division's amendments to SB 112 dealing with the biennial reporting requirement and repeals the requirement of filing the stated capital of a corporation. In addition, a portion of the section comes from HB 767 and requires that a specific description of the nature of the relationship between the reporting corporation and its alien affiliates be reported. See, my memoranda dated February 5, 1980 and February 22, 1980, respectively.

Secs. 17-19 (AS 10.05.705(a), 705(d), 706). See, Sec. 15.

Secs. 20-22 (AS 10.05.708(a), 711(a), 714). See, Sec. 1.

Secs. 23-28 (AS 10.05.717(a), 717(c), 717(d), 720, 723, 726). See, Sec. 13.

Secs. 29-33 (AS 10.05.747, 750, 753, 756, 762). See, Sec. 1.

Sec. 34 (AS 10.05.771). See, Secs. 1 and 13.

Sec. 35 (AS 10.05.773). See, Sec. 1.

Sec. 36 (AS 10.05.783). This section comes from HB 767 and makes a drafting style change to the description of a misdemeanor to conform to the recently enacted Criminal Code. See, my memorandum dated February 22, 1980.

Sec. 37 (AS 10.05.786). See, Sec. 36.

Sec. 38 (AS 10.05.791, 794, 799, 823). Sec. 791. This section relates to the clarification of the alien affiliate reporting requirements. In particular, the section sets out procedures that the department may follow and other provisions which will encourage the timely filing of alien affiliate information. Sec. 794. This section comes from HB 530 and relates to actions that the department may take to cancel certificates issued and filings accepted within one year of the issuances of those certificates or acceptance of those filings. See, my memorandum to the committee dated January 18, 1980. Sec. 799. This section comes from HB 767 and relates to the alien affiliate reporting requirements. See, my memorandum dated February 22, 1980. Sec. 823. This section sets out a general authority for the department to adopt regulations in accordance with the Alaska Administrative Procedure Act (AS 44.62). This explicit authority is thought to be necessary in order to implement the alien affiliate reporting requirements. See, my memorandum dated February 22, 1980.

Sec. 39 (AS 10.05.825(1)). This section defines the term "commissioner" to include his designee. A similar approach is taken found under the Alaska Securities Act (AS 45.55) and under several of the chapters in the Banks and Financial Institutions title (AS 06). The proposal would allow for more streamline handling of alien affiliate questions.

Secs. 40-42 (AS 10.05.825(19), 825(20), 825(22), 825(23), 825(24)).  
See, Sec. 4.

Sec. 43 (Sec. 10.10.185). This section comes from HB 530 and deals with the cancellation of certificates issued and filings accepted by the department. See, Sec. 38.

Secs. 44-45 (AS 10.15.255 and 260). See, Sec. 1.

Secs. 46-49 (AS 10.15.320, 325, 330, 331). See, Sec. 15.

Sec. 50 (AS 10.15.505). See, Sec. 43.

Secs. 51-53 (AS 10.15.530, 535, 545, 555). See, Sec. 1.

Secs. 55-57 (AS 10.20.325(1), 325(7), 345). See, Sec. 15.

Sec. 58 (AS 10.20.450). This section comes from SB 112 and relates to the distribution of assets of a nonprofit corporation found after the dissolution of the corporation. See, Sec. 10 and my memorandum dated January 19, 1979.

Sec. 59 (AS 10.20.530). See, Sec. 1.

Secs. 60-66 (AS 10.20.585(1), 585(6), 620, 625, 630(a), 630(e), 631). See, Sec. 15.

Secs. 67-68 (AS 10.20.635 and 640). See, Sec. 1.

Sec. 69 (AS 10.20.645(a)). See, Sec. 15.

Secs. 70-71 (Sec. 10.20.673 and 10.25.375). See, Sec. 43.

Secs. 72-74 (AS 10.25.530, 10.35.060, 70). See, Sec. 1.

Sec. 75 (AS 10.35.085). See, Sec. 43.

Sec. 76 (AS 10.40.105). See, Sec. 15.

Sec. 77 (AS 10.40.040(a)). See, Sec. 1.

Sec. 78 (AS 10.40.160). See, Sec. 43.

Sec. 79. This section establishes the effective date of the bill as July 1, 1980.

I stand ready to answer any questions that you may have concerning these provisions.

JJB/kkk2/2

STATE  
of ALASKA

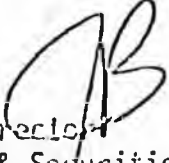
## MEMORANDUM

TO:  Members of the Committee

DATE: January 19, 1979

FILE NO:

TELEPHONE NO:

FROM:  Julius J. Brecht, Director  
Division of Banking & Securities  
Department of Commerce &  
Economic DevelopmentSUBJECT: SB-112.  
Corporations and  
Associations Title  
10 Amendment Bill  
Narrative Supplement

The proposed corporations and associations legislation before you provides a number of changes to the Alaska Corporations and Associations Title, AS 10. Much of the present law was enacted in 1959 and has undergone a number of changes from time to time. A large portion of the provisions of this bill are of a "housekeeping" nature and are proposed to streamline the fee structure set out in the various chapters of AS 10.

The major provisions of the bill include (1) provision for a procedure for profit and nonprofit corporations to dispose of assets discovered after dissolution; (2) the repeal of references throughout the Title to specific fees for various services rendered by the Department of Commerce and Economic Development ("department") to corporations, cooperatives and associations doing business in the state and to the public; (3) provision that those fees will be established by the department by regulation; and (4) provision for the department to charge a fixed average annual fee per corporation, cooperative or association to each of them subject to the Title in place of charging them the various fees specified in the Title with certain exceptions. Those exceptions go mainly to the fees required for incorporation.

The following is a section-by-section review of the provisions of the bill.

Section 1. (AS-10.05.039(a)). This section repeals the reference to the specific fee for the registration of a corporation name under the Alaska Business Corporation Act ("ABCA") and replaces that provision with a requirement that the fee shall be established by the department by regulation.

Section 2. (AS 10.05.042). This section repeals the reference to a specific fee for the renewal of a registered name under ABCA and replaces it with a requirement that the fee be established by regulation.

Section 3. (AS 10.05.519(d)). This section repeals the explicit reference to "limited partnership" in the context of corporate name availability upon reinstatement of a corporation under ABCA. The department does not have the authority to regulate and does not maintain files on limited partnership names. Therefore the reference to limited partnerships in Sec. 519(d) is meaningless.

Section 4. (AS 10.05.594). This section provides a procedure for a corporation to dispose of assets discovered after dissolution of a corporation under ABCA. Presently, Alaskan corporations may not be reinstated if they have been dissolved for more than two years, and therefore timely distribution of assets is severely hampered. There have been several instances in the recent past where good title could not be given to property discovered after dissolution. This section continues the corporate existence for an additional five years after dissolution solely for the purpose of disposing of the property. After that five year period, the section provides that a court resolution could be obtained. See, Section 19 of this memorandum for a similar provision for nonprofit corporations under AS 10.20.

Section 5. (AS 10.05.708(a)). This section repeals the reference in ABCA to specific filing fees for the filing of articles of incorporation for domestic and foreign corporations, with the exception of nonprofit corporations regulated under AS 10.20, based on the capital stock of a corporation. That provision is replaced with the requirement that the department establish these fees by regulation based on the amount of authorized capital stock.

Section 6. (AS 10.05.711(a)). This section repeals the reference in ABCA to specific filing fees for filing amendatory or supplemental articles of incorporation for domestic and foreign corporations, with the exception of nonprofit corporations regulated under AS 10.20, based on the capital stock of a corporation. That provision is replaced with the requirement that the department establish these fees by regulation based on the amount of change in the authorized capital stock.

Section 7. (AS 10.05.714). This section repeals the reference to the specific fees for appointment, amendment, or revocation of appointment of a process agent for a foreign corporation under ABCA and replaces those provisions by the requirement that the fees be established by the department by regulation.

Section 8. (AS 10.05.720). This section repeals the reference to the explicit fee for the issuance of a certificate or a duplicate of a certificate of the payment of the annual tax and filing of the annual

report required of business corporations under ABCA. In place of the explicit fee there is established the requirement that the department set the fee by regulation.

Section 9. (AS 10.05.747). In (a) of this section, the reference to a specific filing fee for instruments not otherwise provided in ABCA is repealed and replaced by a requirement that the fee be established by regulation. In (b) of the section, the department is given authority to establish by regulation and charge a fixed average annual fee per corporation to each corporation subject to ABCA. This fee would be charged by the department in place of charging corporations the various fees specified in ABCA with certain exceptions. Those exceptions go to the following: (1) the fee required for the registration of a corporate name, (2) the incorporation fee based on the initial capitalization of a corporation, and (3) the fee based on a subsequent change of the capitalization of the corporation. The fixed annual fee would also cover the cost of routine administrative services rendered to the corporation by the department. For example, a given corporation may require numerous services of the department throughout the year including change of registered agent, amendment of the articles of incorporation (other than changes of capitalization), etc. All of these various fees require the department's corporation staff to expend considerable time maintaining a system to collect the correct fees required by statute for approximately 10,000 corporations. With one flat fee, the accounting system would be far easier and less burdensome on both the department and the corporation in that separate accounting of each and every fee on a case-by-case basis could be avoided. See, Sections 18, 21 and 23 of this memorandum for similar provisions under AS 10.15, 10.20, and 10.25.

Section 10. (AS 10.05.750). This section repeals the requirement of ABCA that a certificate of withdrawal of a foreign corporation from registration be filed with the Office of the Clerk of the Superior Court, in addition to a filing with the department. At the present time, the department maintains the primary files on foreign corporations and is required to provide the Superior Court with an updated list pursuant to AS 10.05.630. The additional filing with the Superior Court under Sec. 750 is therefore redundant and unnecessary. In addition, this section repeals the reference to the specific fee for the filing of the certificate and replaces it with the requirement that the department establish the fee by regulation.

Section 11. (AS 10.05.753). This section repeals the reference in ABCA to the specific fee for the dissolution of a domestic business corporation and replaces it by a requirement that the fee be established by the department by regulation.

Section 12. (AS 10.05.756). This section repeals the reference in ABCA to the specific fee for filing a certificate of dissolution from the state of origin of a foreign corporation and replaces it with the requirement that the fee be established by the department by regulation.

Section 13. (AS 10.05.762). This section repeals the fee required for furnishing a certified copy of any instrument under ABCA and replaces it with the requirement that the fee be established by the department by regulation.

Section 14. (AS 10.15.255). This section repeals the reference in the Alaska Cooperative Corporation Act ("ACCA") to the specific fee for filing of terminated contracts and replaces it with the requirement that the fee be established by the department by regulation.

Section 15. (AS 10.15.260). This section repeals the reference in ACCA to a specific fee for filing of a list of names of all persons whose contracts have been terminated and replaces it with the requirement that the fees be established by the department by regulation.

Section 16. (AS 10.15.535). This section repeals and reenacts the requirement in ACCA that a license fee be charged to each cooperative authorized by its articles to issue stock, and the fee is to be established by the department by regulation based on the amount of stock issued.

Section 17. (AS 10.15.545). This section repeals the reference in ACCA to the specific license fee for cooperatives having no authorized shares of capital stock and replaces it by the requirement that the fee will be established by the department by regulation.

Section 18. (AS 10.15.555). In (a) of this section, the reference in ACCA to the specific fees for various services rendered to cooperative corporations are repealed and replaced by the requirement that the fees will be established by regulation. Those services include the filing of the articles of incorporation or articles of consolidation for a new cooperative, articles of amendment, restated articles, or articles of merger, statement of intent to dissolve, statement of revocation of voluntary dissolution proceedings, articles of dissolution, and other statements. In (b) of this section, the department is given the authority to establish by regulation and charge a fixed average annual fee per cooperative corporation to each corporation subject to ACCA. This fee would be charged by the department in place of charging the corporations the various fees specified in ACCA with the exception of fees related to the initial incorporation of the corporation. The fixed annual fee would also cover the cost of routine administrative services rendered to the cooperative by the department. See, Section 9 of this memorandum for further explanation.

Section 19. (AS 10.20.450). This section provides a procedure for a nonprofit corporation under the Alaska Nonprofit Corporations Act ("ANCA") to dispose of assets discovered after dissolution. Presently an Alaskan nonprofit corporation may not be reinstated if it has been dissolved for more than two years, and therefore the timely distribution of assets is severely hampered. There have been several instances in the recent past where good title could not be given to property discovered after dissolution. This section continues the corporate existence for an additional five years after dissolution solely for the purpose of disposing of the property. After that five year period, the section provides that a court resolution could be obtained. See, Section 4 of this memorandum for a similar provision for business corporations under ABCA.

Section 20. (AS 10.20.530). This section repeals the reference in ANCA to the specific fee for service of process on the commissioner for nonprofit corporations and replaces that provision with a requirement that the fee be established by the department by regulation.

Section 21. (AS 10.20.635). In (a) of this section, the reference to the specific fees for various services rendered by the department are repealed and replaced by the requirement that the fees will be established by the department by regulation. In (b) of this section, the department is given authority to establish by regulation and charge a fixed average annual fee per corporation for each corporation subject to ANCA. The fixed annual fee would be charged by the department in place of charging corporations the various fees specified in ANCA with the exception of the fee for incorporation. The fixed annual fee would also cover the cost of routine administrative services rendered by the department to the corporation. See, Section 9 of this memorandum for further explanation.

Section 22. (AS 10.20.640). This section repeals the reference in ANCA to the specific fee structure to be charged for certified copies of instruments and requires the department to establish a fee structure by regulation.

Section 23. (AS 10.25.30). In (a) of this section, reference in the Alaska Electric and Telephone Cooperative Act ("AETCA") to various specific fees is repealed and replaced by the requirement that the fees will be established by the department by regulation. In (b) of this section, the department is given authority to establish by regulation and charge a fixed annual fee per cooperative for each cooperative subject to AETCA. This fee would be charged by the department in place of charging cooperatives the various fees that are specified in AETCA with one exception. A cooperative would still have to pay the initial incorporation fee required by Sec. 530(a)(1). The fixed annual fee would also cover the cost of routine administrative services rendered to the corporation by the department. See, Section 9 of this memorandum for further information.

Section 24. (AS 10.35.060). This section repeals the reference in the Alaska Business Act ("ABA") to the specific fee for the registration of a business name and replaces it with the requirement that the fee be established by the department by regulation.

Section 25. (AS 10.35.070). This section repeals the reference in ABA to the specific fee for the renewal of a registered business name and replaces it by the requirement that the fee be established by the department by regulation.

Section 26. (AS 10.40.140(a)). This section repeals the reference in the Alaska Religious Corporations Act to the specific fee for a filing of any document and requires that the fee be established by the department by regulation.

Section 27. This section states the effective date of the Act as July 1, 1979. This date is chosen as the beginning of FY '80. It is felt that regulations establishing the various fees could be in finalized form by that time, and if necessary the fees could be adopted by emergency regulation.

In summary, the bill before you is basically a housekeeping measure to aid in the better administration of the Corporations and Associations Title and to provide a reasonable mechanism for the distribution of assets discovered after dissolution of a business or nonprofit corporation.

I urge the committee to consider thoughtfully the provisions of the bill. I stand ready to answer any questions you may have concerning this legislation.

JJB/mh4/2

# MEMORANDUM

State of Alaska

TO: Members of the Committee

DATE: February 5, 1980

FILE NO:

TELEPHONE NO:

FROM: Julius J. Brecht, Director  
Division of Banking & Securities  
Department of Commerce and  
Economic Development

SUBJECT: Amendments to SB 112,  
Narrative Supplement

This committee has before it SB 112, a bill which makes a number of changes to the Corporations and Associations Title (AS 10). Those changes are described in detail in my memorandum dated January 19, 1979.

During the period since the past session of the Alaska Legislature, the division has taken a close look at the reporting requirements under AS 10. That review has resulted in three basic amendments which are proposed to SB 112:

1. requiring a biennial rather than an annual corporate report filing for cooperative, business, nonprofit, religious and professional corporations;
2. requiring a biennial rather than an annual corporation tax payment for business corporations; and
3. reducing the delinquency period from six to two months after which the department must involuntarily dissolve a business corporation.

The balance of the amendments to the bill make a few minor changes in the various chapters of AS 10 which comport with the three basic amendments just listed.

The following is a section-by-section review of the provisions of the proposed amendments. The amendments summarized below are keyed to the numbering system of SB 112, e.g., "Amendment 3 (Sec. 3; AS 10.05.048)" identifies the third amendment described in this memorandum, and it pertains to Section 3 of SB 112 which in turn amends AS 10.05.048. Note that "A3" appears in the margin of the text of the amendments before you to denote "Amendment 3."

AMENDMENTS 1 & 2. These amendments make drafting style changes in the name of the bill.

AMENDMENT 3 (Sec. 3; AS 10.05.048). This amendment releases the department from the obligation to produce a supplement to the Corporate Directory every six months. The directory summarizes

information on domestic and foreign business corporations in the State. The division can now produce that directory using an on-line computer data system. As time goes on, it may be advisable to produce the supplement on a schedule different from that provided in the present law in that the computer printout provides much more flexibility in producing the directory and any supplements that may be produced.

AMENDMENT 4 (Sec. 4; AS 10.05.519(a)(1)). This amendment allows the department to dissolve a business corporation which has been two months delinquent in filing a biennial corporate report or paying a biennial corporation tax. The present law provides for a maximum delinquency of 10 months. That is, presently, corporations not in good standing are sent a written notice on or about August 30 giving 60 days notice of the department's intent to dissolve the corporation. Thirty days after dissolving the delinquent corporations, the division begins mailing the next years annual report to corporations doing business under AS 10.05. Under the present system, the division is processing those reports from January through October of each year. During November and December a large number of those corporations dissolved the previous October submit annual reports, franchise taxes and penalties for reinstatement. The present system inhibits the department from giving current corporate information since a number of corporations are not in good standing for up to 10 months of the year. Amendment 2 also changes the reference to the reporting period from annual to biennial. See, Amendment 7. The tax required by AS 10.05 is referred to in several ways, e.g., as a "license fee," as a "franchise tax," and as a "corporation tax." Several proposed amendments described in this memorandum standardize the reference to this tax as a "corporation tax." See, Amendments 7, 8, 17-19, 22, 23 and 30.

AMENDMENT 5 (Sec. 5; Sec. 10.05.519(a)(6)). This amendment adds a new paragraph (6) to allow the department to take steps to dissolve a business corporation that is thirty days delinquent in filing a notice of change of an officer, director, alien affiliate, or shareholder owning five percent or more of the stock of the corporation.

AMENDMENT 6. This amendment adjusts the numbering of sections in SB 112 to accommodate the amendments outlined in this memorandum.

AMENDMENT 7 (Sec. 7; AS 10.05.675(1)). This amendment changes the reference to the reporting period for business corporations from annual to biennial and specifies the taxes required as a "corporation taxes." See, Amendments 4 & 9.

AMENDMENT 8 (Sec. 8; AS 10.05.696). See, Amendments 4 & 7.

AMENDMENT 9 (Sec. 9; AS 10.05.699). This amendment changes the corporate report filings on department forms from an annual to a biennial requirement for business corporations. Under this mechanism and assuming the biennial report requirement becomes law in 1980, all domestic corporations incorporated in, or foreign corporations registered in, an even numbered year would not have to file a corporate report in 1981 using department forms for the reporting period of 1980, and they would pay one-half of the biennial corporation tax, i.e., they would pay the tax only for 1981. In 1982 these "even year" corporations would file a biennial report for the years 1980-81 and pay a biennial corporation tax for the years 1982-83. Similarly, domestic corporations incorporated in, or foreign corporations registered in, an odd numbered year would file a corporate report in 1981 on department forms for the year 1980 and pay a biennial corporation tax for 1981-82. In 1982 these "odd year" corporations would not file a biennial report and would not pay a biennial tax. Thereafter, the odd and even year corporation filings and tax payments would come in every other year. However, corporations having changes in their officers, directors, alien affiliates, or shareholders holding five percent or more of the stock of the corporation would be required to report voluntarily to the department those changes during the first year of a biennial period.

AMENDMENT 10 (Sec. 10; AS 10.05.702). This amendment changes the reference to the reporting period for business corporations from annual to biennial. See, Amendments 7 & 9. Under (3) of the section, a business corporation would be required to disclose the primary business activities in which the corporation is engaged. Under the present law, a corporation may incorporate for "any lawful purpose" and often that phrase is used in the articles of incorporation. Nevertheless, the Legislature and the public have shown increasing interest in specific industrial areas, e.g., fishing, timber, etc. This amendment would require that the specific area of business of a corporation be disclosed, e.g., fishing, even though the corporation may have been incorporated for any lawful purpose. It is envisioned that the division will look to the Standard Industrial Code (SIC) used by the Department of Revenue so that the filer of a biennial report need only check off the appropriate box or put in the appropriate code number on the biennial report, or in the case of a new incorporation or foreign corporation registration, indicate it to the department at the time of filing.

Paragraph (7), requiring a business corporation to give its stated capital, is repealed. The stated capital is often confused with other concepts by corporate report filers and is not otherwise used by the division in calculating fees. It is therefore recommended that the provision be dropped to avoid further confusion.

Paragraph (9) is amended to make clear that each person, not merely a person, owning at least five percent of the shares of a corporation as of September 30 of the reporting year must be disclosed.

AMENDMENT 11 (Sec. 11; AS 10.05.705(a)). This amendment converts the corporate report filing deadlines for business corporations from the present annual reporting period to a biennial one. See, Amendment 9.

AMENDMENT 12 (Sec. 12; Sec. 10.05.705(d)). This amendment establishes a one-time annual report requirement for changes during 1980 for corporations incorporated or receiving a certificate of authority in an even year. Otherwise, such corporations would go three years without reporting corporate data during the transition from an annual to a biennial reporting period. See, Amendment 9.

AMENDMENT 13 (Sec. 13; Sec. 10.05.706). This amendment establishes a new section to require that any change of an officer, director, or alien affiliate during the first year of a biennial reporting period must be reported to the department voluntarily by the corporation. A similar requirement is imposed for changes in the ownership of five percent or more of the shares of a corporation by a given person as of September 30 of that first year in the biennial reporting period. In this way, the mandatory completion of a biennial corporate report form supplied by the department is required every other year, but the corporation is still required to maintain certain information reasonably current. See, Amendment 9.

AMENDMENTS 14-16. See, Amendment 6.

AMENDMENT 17 (Sec. 17; AS 10.05.717(a)). This amendment establishes a biennial corporation tax in place of the present annual corporation tax. The net effect of the amount of the tax over a two year period is unchanged. See, Amendments 4 & 9.

AMENDMENT 18 (Sec. 18; AS 10.05.717(c)). See, Amendment 4, 7, 9 & 17.

AMENDMENT 19 (Sec. 19; Sec. 10.05.717(d)). This amendment establishes a one-time annual corporation tax for 1981 for business corporations incorporated or receiving a certificate of authority in an even numbered year. See, Amendments 4, 9 & 12.

AMENDMENTS 20-30. These amendments are necessary to adjust the numbering of sections in SB 112 and to change the reference to the reporting period from annual to biennial. See, Amendments 7 & 9.

AMENDMENT 31 (Sec. 28; AS 10.05.771). This amendment changes the reference to the reporting period from annual to biennial and sets out that the penalty for failure to file a biennial report is in effect the same as the present penalty for failure to file an annual report. See, Amendment 4, 7 & 9.

AMENDMENT 32. (Sec. 29; AS 10.05.825) This amendment defines the phrase "five percent shareholders" so that the term can be used as a short hand reference in other sections of the bill.

AMENDMENTS 33-43. These amendments make changes to the Alaska Cooperative Corporation Act (AS 10.15) to implement the biennial corporate report filing period. Certain adjustments are made to the numbering of sections in SB 112 to accommodate the amendments outlined in this memorandum. See, Amendments 4, 6, 7, & 9.

AMENDMENTS 44-64. These amendments involve changes to the Alaska Nonprofit Corporation Act (AS 10.20) to implement the biennial corporate report filing period and to adjust the numbering of sections in SB 112 to accommodate the changes described in this memorandum. See, Amendments 4, 6, 7 & 9. In addition, AS 10.20.625(6) is repealed in that nonprofit corporations are not structured with shareholders. They have members who have an equal share and interest in a nonprofit corporation, and so it is meaningless to require that nonprofit corporations report shareholders having five percent or more of the shares of the corporation.

AMENDMENT 65. (Sec.58; AS 10.40.105). This amendment involves a change to the Alaska Religious Corporation Act (AS 10.40) to implement the biennial corporate report filing period.

AMENDMENTS 66-68. See, Amendment 4. Also, the proposed effective date of the bill is changed from July 1, 1979 to July 1, 1980.

Therefore, in summary the amendments provided to SB 112 are made in the best interest of the Alaska taxpayer, efficient government procedure, and the approximately 12,000 corporations which have filed and are subject to AS 10.

I stand ready to answer any question that you may have concerning these amendments.

JJB/s110U

# MEMORANDUM

TO:  Members of the Committee

DATE: January 18, 1980

FILE NO:

TELEPHONE NO:

FROM: Julius J. Brecht, Director  
Division of Banking & Securities

SUBJECT: HB 530  
Cancellation of Certificates  
and Filings, Narrative  
Supplement

This bill provides for an administrative procedure by which the department may cancel certain corporate filings and certificates which are found to be invalid by the department after the filings have been accepted or certificates have been issued. The provisions are to apply to business, cooperative, nonprofit, religious, and professional corporations regulated under the Corporations and Associations Title (AS 10).

The department is responsible for administering AS 10 and maintaining a corporate filing office. There is a public interest in the department maintaining accurate and truthful filings on corporations doing business in the State. From time to time, the department finds that filings made under AS 10 are not complete or are in conflict with other filings held by the department. If the omission or other discrepancy is caught before a filing is accepted, the filing is rejected with an appropriate written explanation to the filer. However, if the omission or other discrepancy is found after the filing has been accepted or a certificate has been issued, the law is unclear as to what course of action may be taken by the department.

For example, an application to reserve a corporate name might state that the appropriate consent to use the proposed name had been obtained from a second corporation already on file and whose name is very similar to that proposed by the filer. However, it may later turn out that the second corporation had not granted that consent. In this context, the bill before you would allow the department to take timely action in the best interest of the second corporation and avoid costly and time-consuming court litigation by that corporation to protect its name. Another example might be that a corporation may incorporate with articles of incorporation which state it has no alien affiliates, or otherwise misrepresent information required in the articles, and the department may later find out that indeed the corporation did have alien affiliates at the time of filing. At present, the only practical recourse available to the department would be to wait for the first annual report submission by that corporation and if the information is not disclosed in that report, take steps to dissolve the corporation, a process that can take up to eight months under the present law.

The bill before you provides a procedure by which the department may, within one year after a filing, cancel any certificate issued or filing accepted under AS 10 on any ground existing at the time notice of cancellation is made for which the department could have originally refused to issue the certificate or accept the filing. Of course, the department would have to give written notice to the corporation or individual making the filing prior to taking the cancellation action, and the notice would have to state the reasons for the proposed cancellation. The corporation or individual may request a hearing within 15 days of receipt of the notice of cancellation, however, the cancellation becomes final if the corporation or individual does not request a hearing.

The following is a section-by-section review of the provisions of the bill:

Sec. 1 (AS 10.05.794). This section provides for the cancellation of certificates issued or filings accepted for domestic and foreign business corporations under the Alaska Business Corporation Act (AS 10.05), as described in more detail in the previous paragraphs.

Sec. 2 (AS 10.10.185). This section provides for the cancellation of certificates and filings for corporations formed under the Business and Industrial Development Corporation Act, (AS 10.10). See, Sec. 1.

Sec. 3 (AS 10.15.505). This section provides for cancellation of certificates and filings for cooperative corporations formed under the Alaska Cooperative Corporation Act (AS 10.15). See, Sec. 1.

Sec. 4 (AS 10.20.673). This section provides for cancellation of certificates and filings for nonprofit corporations formed under the Alaska Nonprofit Corporation Act (AS 10.20). See, Sec. 1.

Sec. 5 (AS 10.25.375). This section provides for the cancellation for certificates and filings for electric and telephone cooperatives formed under the Electric and Telephone Cooperative Act (AS 10.25). See, Sec. 1.

Sec. 6 (AS 10.35.085). This section provides for cancellation of certificates and filings for reservation of business names under the Alaska Businesses Act (AS 10.35). See, Sec. 1.

Sec. 7 (AS 10.40.160). This section provides for the cancellation of certificates and filings for religious corporations formed under the Alaska Religious Corporations Act (AS 10.40). See, Sec. 1.

Therefore, in summary the provisions of this bill are made in the best interests of maintaining an accurate corporate data file for the use of the Alaskan public.

I stand ready to answer any questions that you may have concerning these provisions.

JJB/sa5/5

# MEMORANDUM

State of Alaska

TO: Members of the Committee

DATE: February 22, 1980

FILE NO:

TELEPHONE NO:

FROM: Julius J. Brecht, Director  
Division of Banking & Securities  
Department of Commerce & Economic  
Development

SUBJECT: Section-by-Section  
Analysis of HB 767

This bill, at least in part, evolved out of discussions between Pat Dougherty (on contract for the Resources Committee to conduct a study of foreign investment in the Alaska seafood industry), the division staff, and myself. However, I have not had the opportunity to review and comment on the bill until now.

Much of the discussion of the intent of the bill centers on what constitutes "control" of a corporation sufficient to require reporting by an alien affiliate. Furthermore, there are jurisdictional and questions as to whether the department can, as a practical matter, get corporation A doing business in Alaska to report on its affiliation with corporation B, located in some other state which is, in turn, affiliated with corporation C located in some other country. I have requested two opinions from the Department of Law in this regard, but have not as yet received them. Much of the analysis of whether or not the department can accomplish what the committee wants, i.e., disclosure of corporations C's involvement in A, using the example above, depends on those opinions. The opinions should be out within the next week or so.

Nevertheless, I do have the following specific comments regarding the provisions of the bill with the qualifications just discussed. The "Sec." number refers to the sections of the bill:

Sec. 1 (AS 10.05.250). This section makes a number of drafting style changes regarding the reorganization of a corporation, and, in addition, it requires a specific description of the nature of the affiliation between a surviving or controlling corporation and its alien affiliation. A similar requirement is imposed on domestic corporations at the time of incorporation (See, Sec. 3); foreign corporations in applying for a certificate of authority under AS 10.05 (See, Sec. 7), and on both domestic and foreign corporations at the time of submission of their corporate annual reports (See, Sec. 9). Presumably, one is to read the nature of the affiliation in the context of the definition of "affiliate" found at Sec. 14, however, there may be some difficulty in interpretation of this requirement on the part of the filer. See, Sec. 14 for further discussion.

Sec. 2 (AS 10.05.255(a)(3)). This provision requires that the articles of incorporation of a domestic corporation incorporating after the effective date of the bill must include reference to a code number identifying the nature of its business activity. A similar requirement is imposed by the bill on domestic and foreign corporations filing their annual corporate reports with the department (See, Sec. 8) and for applications for certificate of authority for foreign corporations wishing to do business in the State (See, Sec. 6). The proposed amendments submitted by the division to SB 112, include requiring that corporations furnish information on the "primary business activities" of the corporation in their biennial corporate reports. The division would very likely use the SIC code presently used by the Department of Revenue in issuing business licenses. However, I suggest that the provision on business activity not be specifically tied to a "code," i.e., I recommend that the approach taken in the amendments to SB 112 be used.

Sec. 3 (AS 10.05.255(a)(13)). This section requires that the articles of incorporation of a domestic corporation include a specific description of the nature of the affiliation between the corporation and its alien affiliates. See, Sec. 1.

Sec. 4 (AS 10.05.519(a)(1)). This section reduces the delinquency period from six to three months for purposes of the department to involuntarily dissolve a corporation. The amendments to SB 112 provide for a two-month period. That amendment is preferred.

Sec. 5 (AS 10.05.519(a)(6)). This section adds a new ground for the department to involuntarily dissolve a corporation and that being a misrepresentation of a material matter in an application, report, affidavit, or other document submitted under the chapter. It should be noted that similar language already applies to foreign corporations under AS 10.05.675(5). The provision of Sec. 519(a)(6) ties into AS 10.05.777 providing for interrogatories by the commissioner, and also will complement AS 10.05.783, providing that it is a misdemeanor to fail to answer truthfully such interrogatories. It should be noted that the amendments to SB 112 provide, in addition, that a domestic corporation may be involuntarily dissolved, if it is 30 days delinquent in filing a notice of change of an office, director, alien affiliate, or five percent shareholder.

Sec. 6 (AS 10.05.615(5)). This section requires that a foreign corporation, in applying for a certificate of authority to do business in Alaska, must give a code indicating the primary business activity of the corporation. See, Sec. 2 discussion. It should be noted that more than one code might apply to the operations of a corporation.

Sec. 7 (AS 10.05.615(12)). See, Sec. 1 and 6 for discussion.

Sec. 8 (AS 10.05.702(3)). See, Sec. 2 for discussion.

Sec. 9 (AS 10.05.702(8)). See, Sec. 1.

Sec. 10 (AS 10.05.700 & 703). Section 700 requires a corporation which publishes a report to its stockholder to submit a copy of the most recent issue with its annual report. This provision is unnecessary in that the information is readily available through the SEC for corporations with more than 500 shareholders and \$1 million in assets. Furthermore, such a requirement would greatly increase the volume of paper which the division must maintain. Sec. 703 requires that the department and the Department of Revenue establish, adopt and publish a numerically-coded list of business activities and make the list available to the public. I do not believe the section is necessary in that it is the department's intention to use the SIC code, presently used by the Department of Revenue in gathering information on the business activities of corporations on file under AS 10.05. See, Amendment 10 to SB 112, as submitted to the Senate Finance Committee several weeks ago. Furthermore, I do not believe that the department should be required to "publish" such a list. It is sufficient that the list be made available to the public.

Sec. 11 (AS 10.05.771). This section provides for a penalty for failure to file an annual report of 10% of the corporation tax for each month that the corporation is delinquent in that filing. While this penalty is a substantial increase over the present provision of a flat 10% penalty, it is open-ended and may actually defeat the purpose for its being. That is, it may be cheaper for a corporation to allow itself to be involuntarily dissolved and then reincorporate rather than pay the penalty. I believe the Department of Revenue has a similar penalty for income tax filings, however, there is a statutory maximum of six months penalty, i.e., 60%.

Sec. 12 (AS 10.05.783). See, Sec. 5 discussion. In addition, the class of misdemeanor is not specified. I believe, under these conditions, it may be classified as the next lower offense, i.e., a "violation."

Sec. 13 (AS 10.05.786). See, Sec. 12.

Sec. 14 (AS 10.05.825(18)). This section redefines "affiliate." The definition is very broad and may prove difficult to enforce. For example, in Sec. 825 (18)(C), the term "control" is used, but what constitutes control of a corporation? I have asked the Department of Law to provide clarification on this point. It may be advisable to have a representative of that department available to answer questions at the hearing on this bill.

Sec. 15 (AS 10.05.825(20)). The definition of "person" is greatly expanded to include joint ventures, companies (i.e., unincorporated businesses), firms, societies, and estates. There may be some difficulty in applying this definition on a case-by-case basis. See, Sec. 14 for further discussion.

Sec. 16 (AS 10.05.825(22)). A new definition is provided for "alien" in an attempt to clean up the language of AS 10.05.702(8) and 825 (18). In addition, a definition of "state" is provided although I am not sure that it is needed.

Sec. 17. This section establishes the effective date of the bill as January 1, 1981. However, if the division is to be ready to process the additional corporate report data coming in at that time, additional personnel should be in place and familiar with the operation. I recommend that the effective date of the bill should be July 1, 1981.

In addition to the above comments, I would recommend that the definition of the "commissioner" be amended to mean "the commissioner of commerce and economic development or his designee." In this way the investigative responsibilities required by the bill can be handled directly by the division similar to the investigations conducted by the division in administering the Alaska Securities Act and the Alaska Uniform Lands Sales Practices Act.

Furthermore, at present, AS 10.05 does not prohibit an entity from holding itself out as a corporation when, in fact, it is not a domestic corporation or registered as a foreign corporation doing business in the state. The division has been made aware of at least one example where the term "Inc." is used by a business in Anchorage when, in fact, it is not registered under AS 10.05. This misrepresentation is not in the best interest of the Alaskan public. I recommend that appropriate language be added to make it unlawful for one to hold themselves out as incorporated when, in fact, they are not.

My comments on this bill have been necessarily brief. Several similar provisions are also found in the amendments to SB 112. It is my hope that the provisions of the two bills can be made compatible. I stand ready to discuss the bill at the convenience of the committee.

JJB/sa5/2

February 29, 1980

Honorable John Sackett  
Chairman, Senate Finance Committee  
Pouch V  
Juneau, Alaska 99811

Dear Senator Sackett:

Re: SB 112 and Amendments

At the hearing on SB 112 before the Senate Finance Committee today you asked me (1) to explain the fiscal impact of amendments to SB 112 providing for a biennial report and (2) to get a better estimate of the data processing costs to convert the present corporate report and corporation tax from an annual to a biennial period.

#### FISCAL IMPACT

With regard to the first item, you have asked more specifically: if the biennial report will reduce the paper flow through the division, then why cannot the number of employees administering the Corporation and Association Title (AS 10) be decreased accordingly? I stated at today's hearing that it was difficult to estimate the total time saved in going to a biennial report because corporations would be required to submit notice of changes where there had been a change in officers, directors, 5% shareholders or alien affiliates in the alternate years when the formal biennial report was not due. I suggested that the best way to get an accurate appraisal of the savings would be to allow the division to operate with its present staffing for at least one fiscal year under the biennial reporting requirements.

Nevertheless, I would hope that there would be a savings of perhaps at least 30 to 40% of the time presently spent on processing annual reports. At present the Corporation Section spends approximately 30% of its entire time processing annual reports, rejecting incomplete reports, processing the resubmissions of those rejected reports, and processing the corporation tax payments. The balance of 70% of the time of the Corporation Section is spent responding to requests by the public for information, processing applications for articles of incorporation for domestic corporations, processing amendments to articles of incorporation, processing applications for registration of foreign.

corporations, processing reservations of business names and corporate names, administering the Alaska Trademarks Statute and many other specific duties relating to the administration of AS-10.

In summary, the Corporation Section could realize as much as a 12% reduction in the total time it spends in administering AS 10 and the trademarks statutes (40% reduction in time spent in processing annual reports x the fraction of time spent by the Section on processing annual reports, i.e., 30% of the total time expended by the Corporation Section in administering AS 10 and the trademarks statutes, = 12% of that total time).

It should be pointed out, however, that the Corporation Section has experienced considerable difficulty in taking care of its present responsibilities under AS 10 and in fact has sizable backlogs of work in several areas. In addition, there are other areas of administration of AS 10 that of necessity have been neglected in the past because of lack of adequate manpower. It should be noted that while the division has requested that the Governor's budgets of the past two years include an increase in staffing in the Corporation Section, those requests have been denied by the Governor's office.

The division has therefore had to set priorities on the work to be done. The following are examples where the division has either fallen behind in processing applications or has had to not take on projects which nevertheless are important from the standpoint of proper administration of AS 10:

1. Articles of incorporation and applications for certificate of authority are received at an average of 200 per month, however, the division is currently four weeks behind in processing them, based on the date received. As a result the organizers are prevented from obtaining the liability protection from incorporation any way otherwise be impeded in transacting business, e.g., they may not be able to bid on a contract until such time as the certificate of incorporation is issued by the department. This backlog equates to one man-month of work to be done.
2. Currently, the section is five weeks behind in processing annual reports and tax payments for this year's filing period, based on the date received. This backlog equates to two man-months of work to be done.

- a) Annual report information is not always cross checked with information already in the file due to the lack of time during the period when annual reports are being submitted. For example, the division recently found that several corporations in filing their 1979 annual reports disclosed a capitalizations which were larger than those shown in their articles of incorporation on file with the division, i.e., the increased capitalizations had been accomplished at some time in the past without filing of amendments to those articles of incorporation and payment of appropriate fees under AS 10.05.711. The result is a loss of revenue to the state. It is estimated it would take at least four man-months to go through the file systematically to check for the losses of fees.
  - b) All employees, including the supervisor have been processing corporate annual reports, setting aside their regular duties for at least one-half of each day. This effort to process the reports has caused supervisory duties to go unattended or limited. This neglect of other duties has caused a backlog of at least one man-month.
  - c) The backlog of annual reports prevents the division from issuing certificates of compliance (indicating that the corporation is in good standing under AS 10.05) in a timely manner and causes complaints from the public. It also delays the filing of amendments to articles of incorporation, since a corporation must be in good standing before any filings can be accepted by the division.
  - d) In addition, alien affiliate information required by AS 10.05.792(8) cannot be verified with present staffing. Even minimal correspondence to clarify filings by corporations is difficult to take care of given other commitments of the Corporation Section. The House Resources Committee has shown a great deal of concern in this regard. In fact, House Concurrent Resolution 9 was overwhelmingly approved by the last year urging the division to be more aggressive in verifying alien affiliate information received in corporate annual reports.
6. The Corporation Section maintains all annual reports and other filings in the form of microfiche. However, the microfilming of these materials is behind six months because of the inability of the division to find time to insert 16mm film into microfiche jackets. The Archives Section of the Division of General Services and Supply microfilms the reports but has been constantly delayed because of the division's six month backlog and had threatened to stop doing the division's filming unless this backlog is eliminated soon. This backlog equates to three man-months of work to be done.

4. Corporate status requests by the public are received on a daily basis, but the volume of requests is extremely large during the period of annual report filings. The division is currently one-man-month behind in this area.
5. Several weeks ago the division was backlogged on reinstatements of corporations after they are dissolved, i.e., approximately 15% of the corporations that are involuntarily dissolved for failure to file an annual report or pay the corporation tax do eventually reinstate. This backlog amounted to one man-month, and it is difficult to say how long it can be kept current given other responsibilities of the Corporation Section.

Therefore, in summary the Corporation Section is presently 8-9 man-months behind in administering various aspects of AS 10. In addition, approximately take as much as four man-months to take care of the search of corporate capitalization information to seek out corporations that have not paid the appropriate fees under AS 10.05.711.

It should also be pointed out that the Corporation Section averages about 60 telephone calls per day with peak periods during January-March of each year of as much as 85 calls per day. This section has been forced to turn off its telephones on occasion to enable the employees to process the annual reports and otherwise attend to other business under AS 10. This procedure has resulted in complaints the corporate status and other information is not timely available.

The Corporation Section has not had an increase in personnel responsible for administering AS 10 for several years. However, at the same time, the number of new incorporations is increasing at the rate of 200 per month. As a result, the present staff of the Corporation Section at times gets so far behind that assistance is sometimes obtained from other divisions for short periods of time. However, the services of these persons cannot be relied upon for any extended period. The net effect is that the Corporation Section is constantly trying to eliminate one backlog and forced to allow others to accumulate. This predicament is not momentary but rather is a chronic problem aggravated by the limited personnel resources available to the division.

Faced with the even increasing work load of the Corporation Section, the conclusion drawn by myself was that some means of reducing that work load was imperative or else the section would be drowned in a sea of paper and complaints. The Corporation Section presently has five employees, and the proposed amendments to SB 112 providing for a biennial report should save at least 12% of the Corporations Section's total time efforts, i.e., about one-half man-year. The section's employees would be challenged to eliminate the eight man-month backlog (not to mention the four man-month capitalization review project) and keep the section current on activities other than the corporate report and corporation filings tax. That is, the present eight man-month backlog is sufficient activity to more

Honorable John Sackett

-5-

February 29, 1980

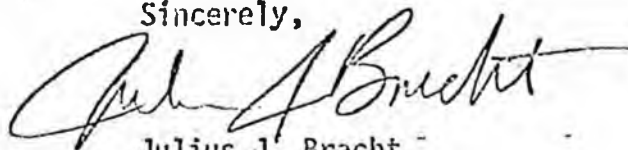
than take up the one-half man-year savings hoped for in going to a biennial report.

#### DATA PROCESSING CHARGES

On the second question that you raised regarding the data processing charges for converting from an annual to a biennial corporate report, I contacted Mike Wheeler, Deputy Director of the Division of Data Processing and explained the committee's concern about the fiscal note which was submitted. He said he would see to it that I got an estimate by 4:30 p.m. today. In fact, I did get an estimate of one-man week at \$50 per hour or \$2,000 as a maximum cost for the conversion. I am therefore submitting a revised fiscal note based on this input from the Division of Data Processing.

I would be happy to discuss the fiscal impact, the substance of SB 112, and the proposed amendments with you at your convenience.

Sincerely,



Julius J. Brecht  
Director

JJB:aw  
Enclosure

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HCSSB-112.

Title An Act Relating to the Regulation of Corporations and Businesses.

Requested by Commerce Committee

Date 4/15/80

II. FISCAL DETAIL

Agency Affected Commerce & Economic Development.

Program Category Affected Consumer Protection.

BRU, Program, or Subprogram(s) Affected Banking, Securities, 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 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		74.0	74.0	75.0	75.0	76.0
200 TRAVEL		10.0	10.0	10.0	10.0	10.0
300 CONTRACTUAL		17.0	8.0	9.0	10.0	11.0
400 COMMODITIES		2.0	2.0	2.0	2.0	2.0
500 EQUIPMENT		5.0	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		108.0	94.0	96.0	97.0	99.0

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND		108.0	94.0	96.0	97.0	99.0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME		3	3	3	3	3
PART TIME						
TEMPORARY						

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

The new fiscal note for HCSSB 112 is now a combination of: (1) SB 112, which pertains to various fees; (2) the division's biennial reporting amendments; (3) HB 767, clarification of alien affiliate reporting requirements; and HB 530, which provides for administrative procedures. The fiscal impact of HCSSB 112 is then a combination of these various segments. In particular, there are fiscal impacts arising out of the biennial amendments and the clarification of alien affiliate reporting requirements.

The following is a more complete discussion of these two requirements, respectively:

IV. DATE

4/24/80

PREPARED BY

*J. Bruch*

AGENCY Division of Banking & Securities

PHONE 465-2521

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

- A. BIENNIAL REPORTING. This fiscal note replaces the one dated March 3, 1980. The fiscal impact is estimated to occur only in FY '81. The estimate of fiscal impact is based on conversations (2/29/80) which I had with Dave George, who is responsible for services to the administration by the Division of Data Processing. In reviewing the present software package for the on-line data system of the Division of Banking & Securities, Mr. George estimated that one-man week at \$50 per hour or \$2,000 would be the maximum cost of conversion of the division's present corporate program from an annual to a biennial corporate report format and biennial corporation tax payment.

Under present law, corporations must submit corporate reports and corporation taxes annually. The proposed amendments to SB 112 will change these reporting and tax requirements to a biennial period. At present, the division maintains a computer on-line corporate data base, does computer searches and does other things necessary for file maintenance. The change from an annual to a biennial reporting period will require modification of the computer software.

- B. ALIEN AFFILIATES. The February 2, 1980 fiscal note was based on the effective date of January 1, 1980 as provided in HB 767. However, the effective date of HCSSB 112 has been set as July 1, 1980. This revised fiscal note then takes into consideration July 1, 1980 effective date.

The fiscal impact set out above is based on a number of assumptions:

- 1) that approximately 10% of the business corporations, or 1,000 corporations, have foreign affiliates (the division is aware of approximately 500 that have filed alien affiliate information, however, because of the confusion raised by the language of AS 10.05.702(8) and 10.05.825(18) there may be at least another 500 corporations that should file);
- 2) that the division could send out letters of inquiry to corporations on file that have not filed alien affiliate information either on a selective basis or to all of them asking specific questions about alien affiliation;
- 3) that the division could in addition review the filings of upwards of 100 to 200 corporations with some amount of detail;
- 4) that, in addition, the division could investigate in more detail and pursue upwards of 20 corporations that either resist or otherwise require comprehensive investigative effort to gain the information required by the bill;
- 5) that a clear definition of "control" can be devised in the best interest of the reporting corporations and the division in conducting investigations;
- 6) that the Department of Law can provide the legal support necessary to pursue discovery of corporate records located outside of the state and can demonstrate in actions brought in courts in other states that there exists sufficient control between the corporation doing business in Alaska and an affiliate once, twice, or more removed doing business in another country; and

- 7) that the Department of Law would be responsible for its own expenses in supporting the division on the investigations.

The implementation of the program under the above assumptions would require a trained investigator, and two administrative/clerical people to process the filings and aid in investigations. The travel budget would be primarily for the investigator but also include allowances for witness travel for enforcement actions. The contractual budget includes provision for redesign and printing of forms and data processing revisions, maintenance, and operation of the on-line data system with alien affiliate and other information required by the bill (See, paragraph A above). The commodities/equipment budget would include necessities for the three new employees including a microfiche reader.

Original sponsor: Commerce Committee

Offered: 5/8/80  
Referred: Rules

1 IN THE SENATE

BY THE COMMERCE COMMITTEE

2 HOUSE CS FOR SENATE BILL NO. 112

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the regulation of corporations and  
7 businesses under AS 10; and providing for an effective  
8 date."

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

10 \* Section 1. AS 10.05.039(a) is amended to read:

11 (a) The fee for registration of a corporate name shall be estab-  
12 lished by the department by regulation subject to AS 10.05.773 [IS \$2  
13 FOR EACH MONTH, OR FRACTION OF EACH MONTH, BETWEEN THE DATE OF FILING  
14 THE APPLICATION AND DECEMBER 31 OF THE CALENDAR YEAR IN WHICH THE APPLI-  
15 CATION IS FILED].

16 \* Sec. 2. AS 10.05.042 is amended to read:

17 Sec. 10.05.042. RENEWAL OF REGISTERED NAME. A corporation which  
18 has registered its corporate name may renew the registration from year  
19 to year by filing an application for renewal each year setting out the  
20 facts required in an original application for registration and a certi-  
21 ficate of good standing required for an original registration and by  
22 paying a fee established by the department by regulation subject to  
23 AS 10.05.773 [OF \$10]. An application for renewal may be filed between  
24 October 1 and December 31 in each year. The renewal of the registration  
25 extends the registration for the following calendar year.

26 \* Sec. 3. AS 10.05.048 is amended to read:

27 Sec. 10.05.048. FILING LIST OF REGISTERED CORPORATIONS WITH SU-  
28 PERIOR COURT. The commissioner shall file a list of the name of each  
29 corporation, the address of the registered office and the name and

1 address of the registered agent with each clerk of the superior court.  
2 The commissioner shall provide a periodic supplement to the list, indi-  
3 cating additions, deletions and changes [AT LEAST ONCE EVERY SIX MONTHS].  
4 The commissioner shall make the list available to the public for a fee  
5 prescribed by him.

6 \* Sec. 4. AS 10.05.250 is amended to read:

7 Sec. 10.05.250. REORGANIZATION; DISCLOSURE OF ALIEN AFFILIATES  
8 [INTERESTS]. Not less than 20 days before the consummation of a corpo-  
9 rate reorganization the corporation which is to survive or control shall  
10 deliver to the commissioner the following information:

11 (1) a list of the names and addresses of each alien affiliate  
12 of the surviving corporation; [WHICH IS A NONRESIDENT ALIEN OR CORPORA-  
13 TION WHOSE PLACE OF INCORPORATION IS OUTSIDE THE UNITED STATES, AND]

14 (2) the percentage of outstanding shares controlled by each  
15 alien affiliate; and

16 (3) a specific description of the nature of the relationship  
17 between the surviving or controlling corporation and its alien affiliate.

18 \* Sec. 5. AS 10.05.255(a)(13) is amended to read:

19 (13) the name and address of each alien affiliate [WHICH IS A  
20 NONRESIDENT ALIEN OR A CORPORATION WHOSE PLACE OF INCORPORATION IS  
21 OUTSIDE THE UNITED STATES].

22 \* Sec. 6. AS 10.05 is amended by adding a new section to read:

23 Sec. 10.05.259. DISCLOSURE OF CORPORATE PURPOSES. An incorporator  
24 presenting articles of incorporation under AS 10.05.258 shall deliver,  
25 with the articles, a separate statement of the codes (from the identifi-  
26 cation code established under AS 10.05.799) which most closely describe  
27 the activities in which the corporation will initially engage.

28 \* Sec. 7. AS 10.05.519(a)(1) is amended to read:

29 (1) the corporation is delinquent six months in filing its

1        biennial [ANNUAL] report or in paying a license filing fee or penalty;

2        \* Sec. 8. AS 10.05.519(a) is amended by adding new paragraphs to read:

3                (6) a misrepresentation of material fact has been made in an  
4        application, report, affidavit, or other document submitted under this  
5        chapter;

6                (7) the corporation is 90 days delinquent in filing notice of  
7        change of an officer, director, alien affiliate, or five percent share-  
8        holder as required by this chapter.

9                (8) the corporation is controlled by a person who wilfully  
10       fails to comply with AS 10.05.791(a) within 30 days after receipt by the  
11       corporation or its registered agent of notice of noncompliance sent by  
12       the department by certified mail.

13       \* Sec. 9. AS 10.05.519(d) is amended to read:

14                (d) A corporation dissolved by the commissioner under the pro-  
15       visions of this section may be reinstated by the commissioner at any  
16       time within two years from the date of the certificate of involuntary  
17       dissolution whenever it is established to the satisfaction of the com-  
18       missioner that in fact there was no cause for the dissolution, or when-  
19       ever the neglect or delinquency resulting in dissolution has been cor-  
20       rected and payment made of double the amount delinquent along with the  
21       amount the corporation would have paid had it not been dissolved during  
22       the two-year period. Reinstatement may not be authorized if the same or  
23       a deceptively similar corporate, [LIMITED PARTNERSHIP,] reserved or  
24       registered name is currently on file with the commissioner, unless the  
25       corporation being reinstated contemporaneously amends its articles of  
26       incorporation to change its name to conform with the provisions of this  
27       chapter.

28       \* Sec. 10. AS 10.05.594 is amended by adding new subsections to read:

29                (b) If a dissolved corporation is the owner of real or personal

1 property, or claims an interest in or lien upon any real or personal  
2 property, the corporation through its board of directors, continues to  
3 exist for five years after the date of dissolution only for the purpose  
4 of

5 (1) conveying, transferring, or releasing the real or personal  
6 property or interest in or lien upon that property; and

7 (2) being made a party in any action or proceeding arising  
8 before its dissolution and involving the title to real or personal  
9 property or any interest in it.

10 (c) The action or proceeding under (b)(2) of this section may be  
11 instituted and maintained in the same manner as before the dissolution  
12 of the corporation. This section does not affect or suspend any statute  
13 of limitations applicable to a claim.

14 (d) For the purpose of service of process, notice, or demand  
15 within the prescribed time following dissolution, the commissioner is an  
16 agent of the dissolved corporation upon whom service may be made in the  
17 manner prescribed in AS 10.05.057(b).

18 \* Sec. 11. AS 10.05.615(5) is amended to read:

19 (5) the purpose the corporation proposes to pursue in the  
20 transaction of business in the state and the codes from the identifica-  
21 tion code established under AS 10.05.799 which most closely describe  
22 the activities in which the corporation will engage in the state;

23 \* Sec. 12. AS 10.05.615(12) is amended to read:

24 (12) the name and address of each alien affiliate, [WHICH IS A  
25 NONRESIDENT ALIEN OR A CORPORATION WHOSE PLACE OF INCORPORATION IS  
26 OUTSIDE THE UNITED STATES AND] the percentage of outstanding shares  
27 controlled by each alien affiliate, and a specific description of the  
28 nature of the relationship between the foreign corporation and its alien  
29 affiliate; [.]

1 \* Sec. 13. AS 10.05.675(1) is amended to read:

2 (1) the corporation fails to file its biennial [ANNUAL]  
3 report within the time required by this chapter, or fails to pay fees,  
4 corporation [FRANCHISE] taxes or penalties prescribed in this chapter,  
5 when they are due and payable; or

6 \* Sec. 14. AS 10.05.696 is amended to read:

7 Sec. 10.05.696. LIABILITY TO STATE FOR TRANSACTING BUSINESS WITH-  
8 OUT CERTIFICATE OF AUTHORITY. A foreign corporation which transacts  
9 business in the state without a certificate of authority is liable to  
10 the state, for the years or portions of years during which it transacted  
11 business in the state without a certificate of authority, in an amount  
12 equal to all fees and corporation [FRANCHISE] taxes which would have  
13 been imposed by this chapter on the corporation if it had applied for  
14 and received a certificate of authority to transact business in the  
15 state as required by this chapter and filed all reports required by this  
16 chapter, plus all penalties imposed by this chapter for failure to pay  
17 the fees and corporation [FRANCHISE] taxes, plus a penalty of up to  
18 \$5,000 per year or portion of a year for each year it transacted busi-  
19 ness in the state without a certificate of authority. The attorney  
20 general shall bring proceedings to recover amounts due the state under  
21 this section.

22 \* Sec. 15. AS 10.05.699 is amended to read:

23 Sec. 10.05.699. BIENNIAL [ANNUAL] REPORT OF DOMESTIC AND FOREIGN  
24 CORPORATIONS. Each domestic corporation and each foreign corporation  
25 authorized to transact business in the state must [SHALL] file a biennial  
26 [AN ANNUAL] report within the time prescribed by this chapter.

27 \* Sec. 16. AS 10.05.702 is amended to read:

28 Sec. 10.05.702. CONTENTS OF BIENNIAL [ANNUAL] REPORT. The biennial  
29 [ANNUAL] report must [SHALL] set out

1 (1) the name of the corporation and the state or country  
2 where it is incorporated;

3 (2) the address of the registered office of the corporation  
4 in the state, and the name of its registered agent in the state at that  
5 address, and, in the case of a foreign corporation, the address of its  
6 principal office in the state or country where it is incorporated;

7 (3) a brief statement of the character of the business in  
8 which the corporation is engaged in the state and the codes from the  
9 identification code established under AS 10.05.799 which most closely  
10 describe the activities in which the corporation is engaged in the  
11 state;

12 (4) the names and addresses of the directors and officers of  
13 the corporation;

14 (5) a statement of the aggregate number of shares which the  
15 corporation has authority to issue, itemized by classes, par value of  
16 shares, shares without par value, and series, if any, within a class;

17 (6) a statement of the aggregate number of issued shares,  
18 itemized by classes, par value of shares, shares without par value, and  
19 series, if any, within a class;

20 [(7) A STATEMENT, EXPRESSED IN DOLLARS, OF THE AMOUNT OF  
21 STATED CAPITAL OF THE CORPORATION.]

22 (8) the name and address of each alien affiliate, [WHICH IS A  
23 NONRESIDENT ALIEN OR A CORPORATION WHOSE PLACE OF INCORPORATION IS  
24 OUTSIDE THE UNITED STATES AND] the percentage of outstanding shares  
25 controlled by each alien affiliate, and a specific description of the  
26 nature of the relationship between the corporation and its alien affi-  
27 liates; [.]

28 (9) the name and address of each [A] person owning at least  
29 five percent of the shares, or five percent of any class of shares,

1 as of September 30 of the second year of the biennial reporting period,  
2 and the percentage of the shares or class of shares owned by that person.

3 \* Sec. 17. AS 10.05.705(a) is amended to read:

4 (a) The biennial [ANNUAL] report of a domestic and foreign corpora-  
5 tion must [SHALL] be filed with the department and is due before  
6 January 2 of the filing [EACH] year. A domestic corporation filing  
7 articles of incorporation and a foreign corporation receiving a certi-  
8 ificate of authority during an even-numbered year must file the biennial  
9 report each even-numbered year. A corporation filing with the depart-  
10 ment during an odd-numbered year, must file the biennial report each  
11 odd-numbered year. The biennial report [IT] is delinquent if not filed  
12 [ON OR] before February 1 of each odd or even year as provided in this  
13 section. Delinquent returns are subject to the penalty prescribed in  
14 AS 10.05.771. [HOWEVER, THE FIRST ANNUAL REPORT OF A DOMESTIC OR FOR-  
15 IGN CORPORATION SHALL BE FILED WITH THE COMMISSIONER AND IS DUE  
16 JANUARY 2 OF THE YEAR SUCCEEDING THE CALENDAR YEAR IN WHICH ITS CERTIFI-  
17 CATE OF INCORPORATION OR ITS CERTIFICATE OF AUTHORITY, AS THE CASE MAY  
18 BE, WAS ISSUED BY THE COMMISSIONER.]

19 \* Sec. 18. AS 10.05.705 is amended by adding a new subsection to read:

20 (d) For the year 1980, a domestic corporation which files articles  
21 of incorporation and a foreign corporation which receives a certificate  
22 of authority during an even-numbered year must, in the event of a change  
23 in an officer, director, five percent shareholder, or alien affiliate,  
24 during 1980, file notice of change as required by this chapter before  
25 January 2, 1981.

26 \* Sec. 19. AS 10.05 is amended by adding a new section to article 8 to  
27 read:

28 Sec. 10.05.706. FILING NOTICE OF CHANGE OF OFFICERS, DIRECTORS,  
29 FIVE PERCENT SHAREHOLDERS, AND ALIEN AFFILIATES. (a) In the event of a

1 change of an officer, director, or alien affiliate of a corporation  
2 during the first year of the biennial reporting period, the corporation  
3 must file a notice of change amending that report before the following  
4 January 2.

5 (b) The notice must be filed in the office of the commissioner and  
6 must state the name and current mailing address of every director,  
7 officer, five percent shareholder, or alien affiliate not included in  
8 the corporation's last filed biennial report, and the name of the person  
9 replaced and the office held. The notice must be signed by the presi-  
10 dent or vice-president of the corporation.

11 (c) If there is a change in a five percent shareholder as of  
12 September 30 of the first year of the biennial reporting period, the  
13 corporation must file a notice of change amending that report before the  
14 following January 2.

15 \* Sec. 20. AS 10.05.708(a) is amended to read:

16 (a) A domestic or foreign corporation which is required by law to  
17 file articles of incorporation with the department, except corporations  
18 organized under AS 10.20 and foreign corporations organized under the  
19 laws of the United States or the laws of a state or territory of the  
20 United States or the laws of a foreign country for the same purposes as  
21 those allowed under AS 10.20, shall pay to the commissioner a filing  
22 fee established by the department by regulation. The filing fee shall  
23 be based on the amount of authorized capital stock of the corporation.  
24 However, an increase in the amount of a filing fee under this subsection  
25 is subject to AS 10.05.773.

26 [,(1) IF THE AUTHORIZED CAPITAL STOCK OF THE CORPORATION IS  
27 \$100,000, OR LESS, A FILING FEE OF \$30;

28 (2) IF THE AUTHORIZED CAPITAL STOCK OF THE CORPORATION EX-  
29 CEEDS \$100,000, THE FEE SET FORTH IN (1) OF THIS SUBSECTION PLUS AN

1 ADDITIONAL FEE OF 20 CENTS FOR EACH \$1,000, OR FRACTION OF \$1,000, OF  
2 AUTHORIZED CAPITAL STOCK ABOVE \$100,000;

3 (3) IF THE AUTHORIZED CAPITAL STOCK EXCEEDS \$1,000,000, THE  
4 FEES SET FORTH IN (1) AND (2) OF THIS SUBSECTION PLUS AN ADDITIONAL FEE  
5 OF \$15 FOR EACH \$1,000,000, OR FRACTION OF \$1,000,000, OF AUTHORIZED  
6 CAPITAL STOCK OVER \$1,000,000.]

7 \* Sec. 21. AS 10.05.711(a) is amended to read:

8 (a) A domestic or foreign corporation, except corporations organi-  
9 zed under AS 10.20 and foreign corporations organized under the laws of  
10 the United States or the laws of a state or territory of the United  
11 States or the laws of a foreign country for the same purposes as those  
12 allowed under AS 10.20, filing amendatory or supplemental articles of  
13 incorporation, or certificates of increase or decrease of capital stock  
14 with the department, shall pay to the commissioner

15 (1) for filing amendatory or supplemental articles which do  
16 not increase capital stock, or for filing a certificate of decrease of  
17 capital stock, a fee established by the department by regulation subject  
18 to AS 10.05.773 [OF \$10];

19 (2) for filing amendatory or supplemental articles which do  
20 not increase the capital stock, or for filing a certificate of increase  
21 of capital stock, a fee established by the department by regulation sub-  
22 ject to AS 10.05.773 based on the amount of change in the authorized  
23 stock of the corporation. [OF \$10, PLUS

24 (A) A FURTHER FEE OF 20 CENTS PER \$1,000 OR FRACTION OF  
25 \$1,000 OF AUTHORIZED INCREASE OF CAPITAL STOCK ABOVE \$100,000 AND  
26 LESS THAN \$1,000,000;

27 (B) A FURTHER FEE OF \$15 PER \$1,000,000 OR AUTHORIZED  
28 INCREASE OVER \$1,000,000.]

29 \* Sec. 22. AS 10.05.714 is amended to read:

1           Sec. 10.05.714. FEES ON APPOINTMENT OR REVOCATION OF APPOINTMENT  
2 OF PROCESS AGENT. (a) A foreign corporation filing with the department  
3 a certificate of the appointment and consent of the agent residing in  
4 the state, or a certificate of revocation of the appointment of the  
5 resident agent shall pay a fee [OF \$5] to the commissioner established  
6 by the department by regulation subject to AS 10.05.773.

7           (b) For filing a statement, mentioned in AS 10.05.054(a) and (b),  
8 of change of address of registered agent, the agent shall pay a fee [OF  
9 \$25] to the commissioner established by the department by regulation  
10 subject to AS 10.05.773.

11 \* Sec. 23. AS 10.05.717(a) is amended to read:

12           (a) Each domestic corporation and each foreign corporation doing  
13 business in this state or having its articles of incorporation on file  
14 with the department must [SHALL], before January 2 of each filing year,  
15 pay to the commissioner a biennial [AN ANNUAL] corporation tax as  
16 follows: domestic corporation, \$100 [\$50]; foreign corporation, \$200  
17 [\$100]. A corporation which fails to pay the biennial [ANNUAL] corpora-  
18 tion tax before February 1 of the filing year must [SHALL] pay to the  
19 commissioner a penalty of \$25 for each year or part of a year of delin-  
20 quency.

21 \* Sec. 24. AS 10.05.717(c) is amended to read:

22           (c) Corporations organized under AS 10.20 are [MAY] not [BE] re-  
23 quired to pay the biennial [ANNUAL] corporation tax imposed by this  
24 section.

25 \* Sec. 25. AS 10.05.717 is amended by adding a new subsection to read:

26           (d) A domestic corporation filing articles of incorporation and a  
27 foreign corporation receiving a certificate of authority during an  
28 even-numbered year must pay to the commissioner a corporation tax for  
29 the year 1981 as follows: domestic corporation, \$50; foreign corpora-

1 tion, \$100. This corporation tax must be paid to the commissioner  
2 before January 2, 1981.

3 \* Sec. 26. AS 10.05.720 is amended to read:

4 Sec. 10.05.720. FAILURE TO PAY TAX OR MAKE REPORT AS PRECLUDING  
5 SUIT BY CORPORATION AND CERTIFICATE OF PAYMENT OR FILING AS EVIDENCE.  
6 No domestic or foreign corporation may commence or maintain a suit,  
7 action or proceeding in a court in the state without alleging and prov-  
8 ing that it has paid its biennial [ANNUAL] corporation tax last due and  
9 has filed its biennial [ANNUAL] report for the last reporting period  
10 [CALENDAR OR FISCAL YEAR FOR WHICH THE REPORT BECAME DUE]. A certifi-  
11 cate of the payment of the biennial corporation [ANNUAL] tax and filing  
12 of the biennial [ANNUAL] report is prima facie evidence of the payment  
13 of the tax and the filing of the biennial [ANNUAL] report. The commis-  
14 sioner shall issue the certificate or a duplicate for a fee established  
15 by the department by regulation subject to AS 10.05.773 [OF 25 CENTS].

16 \* Sec. 27. AS 10.05.723 is amended to read:

17 Sec. 10.05.723. ATTORNEY GENERAL TO INSTITUTE SUITS TO COMPEL  
18 PAYMENT. The attorney general may institute suits in the name of the  
19 state to enforce the payment of the biennial [ANNUAL] corporation tax.  
20 Corporations organized under AS 10.20 and foreign corporations organized  
21 under the laws of the United States or the laws of a state or territory  
22 of the United States or the laws of a foreign country for the same  
23 purposes as those allowed under AS 10.20 are exempt from the payment of  
24 the biennial [ANNUAL] corporation tax.

25 \* Sec. 28. AS 10.05.726 is amended to read:

26 Sec. 10.05.726. FAILURE TO PAY TAX AS EVIDENCE OF INSOLVENCY.  
27 Failure of a corporation to pay its biennial [ANNUAL] corporation tax  
28 for a period of one year after the date when payment first becomes due  
29 is prima facie evidence of the insolvency of the corporation. The fact

1 of insolvency may be shown by the state or a private person or corpora-  
2 tion.

3 \* Sec. 29. AS 10.05.747 is amended to read:

4 Sec. 10.05.747. OTHER FILING FEES [FOR INSTRUMENTS NOT OTHERWISE  
5 PROVIDED FOR]. (a) The filing fee for an instrument not otherwise pro-  
6 vided for in this chapter shall be established by the department by  
7 regulation subject to AS 10.05.773 [IS \$10].

8 (b) The department may by regulation charge each corporation  
9 subject to this chapter a fixed fee in place of the various fees speci-  
10 fied in this chapter, with the exception of AS 10.05.039, 10.05.708,  
11 and 10.05.711, and for routine administrative services rendered to a  
12 corporation by the department. An increase in the fixed fee charged  
13 under this subsection is subject to AS 10.05.773.

14 \* Sec. 30. AS 10.05.750 is amended to read:

15 Sec. 10.05.750. FEES AND PENALTIES PAYABLE ON WITHDRAWAL OF FOR-  
16 EIGN CORPORATION. A registered foreign corporation may withdraw from  
17 the state upon payment of all biennial [ANNUAL] corporation taxes and  
18 penalties due at the time of desired withdrawal, and by filing with the  
19 department [AND IN THE OFFICE OF THE CLERK OF THE SUPERIOR COURT WHERE  
20 ITS ARTICLES ARE ON FILE,] a certificate of withdrawal, signed by its  
21 proper officers and under its corporate seal. The fee for filing the  
22 certificate with the department shall be established by the department by  
23 regulation subject to AS 10.05.773 [IS \$5. HOWEVER, ALL WITHDRAWALS  
24 MADE IN THE STATE BEFORE MARCH 29, 1957, ARE VALIDATED AND CONFIRMED].

25 \* Sec. 31. AS 10.05.753 is amended to read:

26 Sec. 10.05.753. FEES ON DISSOLUTION OF DOMESTIC CORPORATION. A  
27 domestic corporation shall pay to the commissioner for the use of the  
28 state a fee established by the department by regulation subject to  
29 AS 10.05.773 [OF \$5] for filing the instruments mentioned in this chapter

1 providing for the dissolution of domestic corporations.

2 \* Sec. 32. AS 10.05.756 is amended to read:

3 Sec. 10.05.756. TAXES, PENALTIES AND FEES ON FILING CERTIFICATE OF  
4 DISSOLUTION OF FOREIGN CORPORATION. A foreign corporation desiring to  
5 file a certificate of dissolution from the state of its origin may file  
6 the certificate, when signed by the proper state officer, under seal,  
7 upon payment of all biennial [ANNUAL] corporation taxes and penalties  
8 due at the time of dissolution. The filing fee in the office of the  
9 commissioner shall be established by the department by regulation subject  
10 to AS 10.05.773 [IS \$5].

11 \* Sec. 33. AS 10.05.762 is amended to read:

12 Sec. 10.05.762. FEES FOR CERTIFIED COPIES OF INSTRUMENTS. The fee  
13 for furnishing a certified copy of any instrument shall be established  
14 by the department by regulation subject to AS 10.05.773 [IS \$1 FOR THE  
15 FIRST THREE FOLIOS OR LESS AND 20 CENTS A FOLIO FOR EACH ADDITIONAL  
16 FOLIO. HOWEVER, THE CHARGE FOR A CERTIFIED COPY OF ARTICLES OF INCOR-  
17 PORATION IS \$5 FOR THE FIRST 20 FOLIOS OR LESS AND 20 CENTS A FOLIO FOR  
18 EACH ADDITIONAL FOLIO].

19 \* Sec. 34. AS 10.05.771 is amended to read:

20 Sec. 10.05.771. PENALTY FOR FAILURE TO FILE BIENNIAL [ANNUAL]  
21 REPORT. Each domestic or foreign corporation that fails or refuses to  
22 file its biennial [ANNUAL] report within the time set by this chapter is  
23 subject to a penalty of 10 percent of the amount of the corporation  
24 [FRANCHISE] tax assessed against it for the period beginning January 1  
25 of the year for which the report should have been filed. The commis-  
26 sioner shall assess the penalty at the time of the assessment of the  
27 corporation tax. If the amount of the corporation [FRANCHISE] tax as  
28 originally assessed is adjusted in accordance with this chapter, the  
29 amount of the penalty shall also be adjusted to 10 percent of the amount

1 of the adjusted corporation [FRANCHISE] tax. The amount of the corpora-  
2 tion [FRANCHISE] tax and the amount of the penalty must [SHALL] be  
3 separately stated in a notice to the corporation.

4 \* Sec. 35. AS 10.05 is amended by adding a new section to read:

5 Sec. 10.05.773. INCREASES IN FEES. (a) An increase in a fee  
6 charged under this title may not exceed an amount which, as a percentage  
7 of the amount of the fee charged before the increase, equals the percent-  
8 age increase in the consumer price index for Anchorage, published by the  
9 United States Department of Labor, Bureau of Labor Statistics, for  
10 July 1977 or for the most recent year in which the fee was increased  
11 after 1977, whichever is later.

12 (b) An increase in a fee created in this title after July 1, 1980,  
13 may not exceed an amount which, as a percentage of the amount of the fee  
14 charged before the increase, equals the percentage increase in the  
15 consumer price index for Anchorage, published by the United States  
16 Department of Labor, Bureau of Labor Statistics, for the year in which  
17 the fee is first charged or for the most recent year in which the fee  
18 was increased after the year in which the fee is first charged, which-  
19 ever is later.

20 \* Sec. 36. AS 10.05.783 is amended to read:

21 Sec. 10.05.783. FAILURE TO ANSWER INTERROGATORIES. Each domestic  
22 or foreign corporation that fails or refuses to answer truthfully and  
23 fully within the time prescribed by this chapter interrogatories pro-  
24 pounded by the commissioner in accordance with this chapter is guilty of  
25 a misdemeanor [AND UPON CONVICTION MAY BE FINED IN AN AMOUNT NOT EXCEED-  
26 ING \$500].

27 \* Sec. 37. AS 10.05.786 is amended to read:

28 Sec. 10.05.786. PENALTIES IMPOSED UPON OFFICERS AND DIRECTORS.  
29 Each officer and director of a domestic or foreign corporation who fails

1 or refuses within the time prescribed by this chapter to answer truth-  
2 fully and fully interrogatories propounded to him by the commissioner in  
3 accordance with this chapter, or who signs any articles, statement,  
4 report, application or other document filed with the commissioner which  
5 is known to the officer or director to be false in any material respect,  
6 is guilty of a misdemeanor [, AND UPON CONVICTION MAY BE FINED IN AN  
7 AMOUNT NOT EXCEEDING \$500].

8 \* Sec. 38. AS 10.05 is amended by adding new sections to read:

9       Sec. 10.05.791. AGENT FOR PROCESS. (a) A person who is not a  
10 resident of the state and who possesses a controlling interest in a  
11 corporation subject to the reporting requirements of this chapter shall  
12 designate in writing an agent upon whom service of all notices and  
13 process and all orders, decisions, and requirements of the department or  
14 of the commissioner may be made for and on behalf of that person. The  
15 designation shall be filed in the office of the commissioner. The  
16 person may amend the designation by filing written notice in the office  
17 of the commissioner. Service of all notices, process, orders, decisions  
18 and requirements of the department or of the commissioner may be made  
19 upon the person who designates an agent under this section by service  
20 upon the designated agent at his office or usual place of residence.  
21 Service upon a designated agent has the same effect as service made  
22 personally upon the person who designates the agent.

23       (b) A person required to designate an agent under (a) of this  
24 section and the corporation controlled by the person may not initiate an  
25 action in the courts of the state until the person complies with the  
26 provisions of (a) of this section. If the person or corporation con-  
27 trolled by the person initiates an action in a court of the state and  
28 the court finds that the person has not complied with (a) of this sec-  
29 tion, the court shall dismiss the action without prejudice.

1           Sec. 10.05.794. CANCELLATION OF CERTIFICATES ISSUED AND FILINGS  
2 ACCEPTED. The commissioner may, within one year after a filing, and  
3 after written notice to the corporation or individual making a filing,  
4 cancel a certificate issued or filing accepted under this chapter, on  
5 any ground existing at the time notice of cancellation is made for which  
6 the commissioner could have originally refused to issue the certificate  
7 or accept the filing. The notice of cancellation shall state the reason  
8 for the cancellation. A corporation or individual may request a hearing  
9 within 90 days after receipt of the notice. Cancellation becomes final  
10 if the corporation or individual does not request a hearing within 90  
11 days after receipt of notice. Notice of cancellation shall be sent by  
12 certified mail with return receipt requested. If the return receipt is  
13 not received by the department within a reasonable time and the depart-  
14 ment has made diligent inquiry as to the address of the corporation,  
15 notice may be made by publication in a newspaper of general circulation  
16 in the vicinity of the registered office of the corporation or the  
17 address of the individual who made the filing, and the cancellation  
18 becomes final 60 days after publication of the notice.

19           Sec. 10.05.799. IDENTIFICATION CODE. The commissioner of commerce  
20 and economic development and the commissioner of revenue shall jointly  
21 establish and adopt a coded list of business activities and shall make  
22 the list available to the public.

23           Sec. 10.05.823. REGULATIONS. The department may adopt regulations  
24 in accordance with the Administrative Procedure Act (AS 44.62) to admin-  
25 ister this chapter.

26 \* Sec. 39. AS 10.05.825(1) is amended to read:

27           (1) "commissioner" means the commissioner of commerce and  
28 economic development or his designee;

29 \* Sec. 40. AS 10.05.825(19) is repealed and re-enacted to read:

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(19) "control" means

(A) owning directly or indirectly, or having the power to vote, 25 percent or more of any class of voting securities of a corporation subject to this chapter; or

(B) influencing or affecting in any substantive manner the election of a majority of the directors or trustees of a corporation subject to this chapter.

\* Sec. 41. AS 10.05.825(20) is amended to read:

(20) "person" means an individual, a corporation, a partnership, an association, a joint-stock company, an estate, a trust where the interests of the beneficiaries are evidenced by a security, an unincorporated association [ORGANIZATION], a government, [OR] a political subdivision of a government, or a combination of these entities;

\* Sec. 42. AS 10.05.825 is amended by adding new paragraphs to read:

(22) "alien" means

(A) an individual who is not a citizen or national of the United States, or who is not lawfully admitted to the United States for permanent residence, or paroled into the United States under the Immigration and Nationality Act (8 U.S.C. secs. 1101 - 1503), as amended;

(B) a person, other than an individual, that was not created or organized under the laws of the United States or of a state, or whose principal place of business is not located in any state; or

(C) a person, other than an individual, that was created or organized under the laws of the United States or of a state, or whose principal place of business is located in a state, and which is controlled by a person described in (A) or (B) of this paragraph

(23) "state" means any of the United States, the District of

1 Columbia, the Commonwealth of Puerto Rico, the Northern Mariana Islands,  
2 Guam, the Virgin Islands, American Samoa, the Trust Territory of the  
3 Pacific Islands, or any other territory or possession of the United  
4 States;

5 (24) "five percent shareholder" means a person owning at least  
6 five percent of the shares, or five percent of any class of shares, of a  
7 corporation.

8 \* Sec. 43. AS 10.10 is amended by adding a new section to read:

9 Sec. 10.10.185. CANCELLATION OF CERTIFICATES ISSUED AND FILINGS  
10 ACCEPTED. The provisions in the Alaska Business Corporation Act  
11 (AS 10.05) relating to the cancellation of certain corporate filings  
12 apply to corporations created under this chapter.

13 \* Sec. 44. AS 10.15.255 is amended to read:

14 Sec. 10.15.255. TERMINATION OF FILED CONTRACT. When a contract  
15 filed under AS 10.15.230 - 10.15.260 has been terminated in any manner,  
16 the cooperative shall upon demand, give a statement of termination to  
17 the member party to the contract, who may file the statement in the  
18 office of the precinct recorder where the contract was originally filed.  
19 The precinct recorder shall stamp "expired" after the name of the member  
20 in the alphabetical record. The fee for the filing and stamping shall  
21 be established by the department by regulation subject to AS 10.05.773  
22 [IS 25 CENTS].

23 \* Sec. 45. AS 10.15.260 is amended to read:

24 Sec. 10.15.260. FILING OF LIST OF TERMINATED CONTRACTS. A cooper-  
25 ative may file in the office of the precinct recorder where the contract  
26 was originally filed a sworn list of the names of all persons whose  
27 contracts have been terminated in a manner other than by expiration of  
28 their term. The precinct recorder shall stamp "expired" after the name  
29 of each of those persons in the alphabetical record. The fee for the

1 filing and stamping shall be established by the department by regulation  
2 subject to AS 10.05.773 [IS TWO CENTS FOR EACH NAME].

3 \* Sec. 46. AS 10.15.320 is amended to read:

4 Sec. 10.15.320. BIENNIAL [ANNUAL] REPORT. (a) Each cooperative  
5 shall file with the department before July 2 of the reporting year a bi-  
6 ennial [AUGUST 16 OF EACH YEAR AN ANNUAL] report signed by a principal  
7 officer or the general manager setting out [FORTH]

8 (1) its name and the address of its principal place of busi-  
9 ness in the state;

10 (2) the name of its registered agent and address of its  
11 registered office;

12 (3) the names and addresses of its principal officers and its  
13 general manager, if any;

14 (4) a statement of the aggregate number of shares which the  
15 cooperative may issue, itemized by classes, par value of shares, shares  
16 without par value;

17 (5) a statement of the aggregate number of shares subscribed,  
18 but not paid up, itemized by classes, par value of shares, shares with-  
19 out par value;

20 (6) a statement of the aggregate number of paid-up shares,  
21 itemized by classes, par value of shares, shares without par value;

22 (7) for cooperatives established without capital stock the  
23 biennial [ANNUAL] report shall contain a statement as to the amount of  
24 the membership fee and a statement as to the number of memberships which  
25 are issued;

26 (8) a brief statement of the character of the business in  
27 which the cooperative is engaged in this state.

28 (b) A domestic cooperative filing its articles of incorporation  
29 and a foreign cooperative receiving a certificate of authority during an

1 even-numbered year must file the biennial report before July 2 of each  
2 even-numbered year. A cooperative filing its articles of incorporation  
3 or receiving its certificate of authority during an odd-numbered year  
4 must file the biennial report before July 2 of each odd-numbered year.

5 \* Sec. 47. AS 10.15.325 is amended to read:

6 Sec. 10.15.325. FORM OF BIENNIAL [ANNUAL] REPORT. The biennial  
7 [ANNUAL] report shall be made on forms furnished by the department. The  
8 information contained in the biennial [ANNUAL] report shall be given as  
9 of June 30 of the reporting year. The first biennial report for cor-  
10 porations required to file in odd-numbered years must be filed before  
11 July 2, 1981. The first biennial report for corporations required to  
12 file in even-numbered years must be filed before July 2, 1992. The  
13 biennial report is delinquent if not filed before August 1 of each odd  
14 or even year as provided in this section. Delinquent returns are sub-  
15 ject to the penalty prescribed in AS 10.15.505.

16 \* Sec. 48. AS 10.15.330 is amended to read:

17 Sec. 10.15.330. FILING OF REPORT BY DEPARTMENT. If the department  
18 finds that the biennial [ANNUAL] report conforms to the requirements of  
19 this chapter, it shall accept [FILE] it. If the biennial [ANNUAL]  
20 report does not conform to the requirements of this chapter, the depart-  
21 ment shall return it to the cooperative for necessary corrections, in  
22 which event the penalties prescribed in this chapter for failure to file  
23 the statement within the time provided in AS 10.15.325 do not apply, if  
24 the statement is corrected to conform to the requirements of this chapter  
25 and returned to the department within 60 days after the report has been  
26 returned to the cooperative.

27 \* Sec. 49. AS 10.15 is amended by adding a new section to article 1 to  
28 read:

29 Sec. 10.15.331. FILING NOTICE OF CHANGE OF OFFICER OR DIRECTOR.

1 (a) In the event of a change of an officer or director of a corporation  
2 during the year following the filing of the biennial report, the cor-  
3 poration must file notice of change amending that report before July 2  
4 of that year.

5 (b) The notice must be filed in the office of the commissioner and  
6 must state the name and current address of a director or officer not  
7 stated in the corporation's last filed biennial report, and the name of  
8 the person replaced and the office held. The notice must be signed by  
9 an officer of the corporation.

10 \* Sec. 50. AS 10.15.505 is amended to read:

11 Sec. 10.15.505. INVOLUNTARY DISSOLUTION AND CANCELLATION OF COR-  
12 PORATE FILINGS. The provisions in the Alaska Business Corporation Act  
13 (AS 10.05) relating to involuntary dissolution of business corporations  
14 and to the cancellation of certain corporate filings apply to coopera-  
15 tives.

16 \* Sec. 51. AS 10.15.530 is amended to read:

17 Sec. 10.15.530. BIENNIAL [ANNUAL] LICENSE FEE. Each cooperative  
18 not organized and operated for nonprofit religious, charitable, ceme-  
19 tery, or educational purposes, shall pay to the department a biennial  
20 [AN ANNUAL] license fee. The fee shall be paid before July 2 of the re-  
21 porting year [PRIOR TO AUGUST 15 IN ADVANCE FOR THE FISCAL YEAR BEGIN-  
22 NING JULY 1 OF EACH YEAR]. In the case of new cooperatives formed  
23 during a biennial period [THE FISCAL YEAR], the [FIRST YEAR'S] fee shall  
24 be proportionate to the fraction of the biennial period [FISCAL YEAR].

25 \* Sec. 52. AS 10.15.535 is repealed and re-enacted to read:

26 Sec. 10.15.535. DETERMINATION OF LICENSE FEE FOR COOPERATIVE  
27 AUTHORIZED TO ISSUE CAPITAL STOCK. The license fee of each cooperative  
28 authorized by its articles to issue capital stock shall be established  
29 by the department by regulation subject to AS 10.05.773 based on the

1 amount of authorized capital stock.

2 \* Sec. 53. AS 10.15.545 is amended to read:

3 Sec. 10.15.545. LICENSE FEE FOR COOPERATIVE WITHOUT CAPITAL STOCK.

4 The license fee of each cooperative having no authorized shares of  
5 capital stock shall be established by the department by regulation sub-  
6 ject to AS 10.05.773 [IS \$25].

7 \* Sec. 54. AS 10.15.555 is amended to read:

8 Sec. 10.15.555. MISCELLANEOUS FEES AND CHARGES. (a) The depart-  
9 ment shall establish by regulation subject to AS 10.05.773 and charge  
10 and collect from a cooperative fees for filing

11 (1) articles of incorporation or articles of consolidation  
12 for a new cooperative [, \$15 TOGETHER WITH THE PROPORTIONATE PART OF THE  
13 ANNUAL LICENSE FEE PAYABLE FOR THE SUCCEEDING FRACTION OF THE FISCAL  
14 YEAR];

15 (2) articles of amendment, restated articles, or articles of  
16 merger, [\$10,] and, if the articles provide for an increase of the  
17 amount of authorized capital stock of the cooperative, the filing coop-  
18 erative shall also pay the proportionate part of the annual license fee  
19 for the succeeding fraction of the fiscal year, payable by a cooperative  
20 whose authorized shares equal the newly increased authorized shares of  
21 the filing cooperative, less the annual license fee already paid for the  
22 succeeding fraction of the fiscal year by the filing cooperative; but  
23 filing articles decreasing the authorized shares does not reduce the  
24 annual license fee of the filing cooperative until the beginning of the  
25 fiscal year following that in which the articles were filed;

26 (3) statement of intent to dissolve [, \$5];

27 (4) statement of revocation of voluntary dissolution pro-  
28 ceedings [, \$5];

29 (5) articles of dissolution [, \$10];

1 (6) all other statements [, EXCEPT AN ANNUAL STATEMENT, \$5].

2 (b) The department may by regulation charge each cooperative  
3 corporation subject to this chapter a fixed fee in place of charging  
4 cooperative corporations the various fees specified in this chapter,  
5 with the exception of AS 10.15.535, (a)(1) of this section, and for rou-  
6 tine administrative services rendered to the cooperative corporation by  
7 the department. An increase in the amount of a fixed fee charged under  
8 this subsection is subject to AS 10.05.773.

9 \* Sec. 55. AS 10.20.325(1) is amended to read:

10 (1) the corporation has failed to file its biennial [ANNUAL]  
11 report within the time required by this chapter;

12 \* Sec. 56. AS 10.20.325 is amended by adding a new paragraph to read:

13 (7) the corporation is 90 days delinquent in filing a notice  
14 of change of an officer or director as required by this chapter.

15 \* Sec. 57. AS 10.20.345 is amended to read:

16 Sec. 10.20.345. REMOVAL OF GROUND FOR DISSOLUTION. If the cor-  
17 poration, within the time required by this chapter, files its biennial  
18 [ANNUAL] report or appoints or maintains a registered agent as provided  
19 in this chapter, or files with the commissioner the required statement  
20 of change of registered office or registered agent, or revokes or con-  
21 cludes a plan of voluntary dissolution, the commissioner's authority to  
22 involuntarily dissolve the corporation ceases.

23 \* Sec. 58. AS 10.20.450 is amended by adding new subsections to read:

24 (b) If a dissolved corporation is the owner of real or personal  
25 property, or claims any interest in or lien upon any real or personal  
26 property, the corporation through its board of directors, continues to  
27 exist for five years after the date of dissolution for the purpose of  
28 conveying, transferring, or releasing the real or personal property or  
29 interest in or lien upon that property. In addition, a dissolved cor-

1 poration through its board of directors, continues to exist for the  
2 purpose of being made a party in any action or proceeding arising before  
3 dissolution and involving the title to real or personal property or any  
4 interest in it. The action or proceeding may be instituted and main-  
5 tained in the same manner as before the dissolution of the corporation.  
6 This subsection does not affect or suspend any statute of limitations  
7 applicable to a claim.

8 (c) For the purpose of service of process, notice, or demand  
9 within the prescribed time following dissolution, the commissioner is an  
10 agent of the dissolved corporation upon whom service may be made in the  
11 manner prescribed in AS 10.05.057(b).

12 \* Sec. 59. AS 10.20.530 is amended to read:

13 Sec. 10.20.530. SERVICE ON COMMISSIONER. When a foreign corpora-  
14 tion authorized to transact business in the state, or not authorized to  
15 transact business in the state but doing so, fails to appoint or main-  
16 tain a registered agent in the state, or when a registered agent cannot  
17 with reasonable diligence be found at the registered office, or when the  
18 certificate of authority of a foreign corporation is suspended or re-  
19 voked, the commissioner is an agent upon whom process, notice, or demand  
20 may be served. Service on the commissioner shall be made by delivering  
21 to and leaving with him, or with a person designated by him in the  
22 corporation division of his office, duplicate copies of the process,  
23 notice or demand, accompanied by a fee established by the department by  
24 regulation subject to AS 10.05.773 [OF \$10]. The commissioner shall  
25 immediately have one copy forwarded by registered or certified mail,  
26 addressed to the corporation at its principal office in the state or  
27 country under whose laws it is incorporated. Service on the commissioner  
28 is returnable in not less than 30 days.

29 \* Sec. 60. AS 10.20.585(1) is amended to read:

1 (1) the corporation fails to file its biennial [ANNUAL]  
2 report within the time required by this chapter, or fails to pay fees or  
3 penalties prescribed in this chapter when they are due and payable;

4 \* Sec. 61. AS 10.20.585 is amended by adding a new paragraph to read:

5 (6) the corporation is 90 days delinquent in filing a notice  
6 of change of an officer or director as required by this chapter.

7 \* Sec. 62. AS 10.20.620 is amended to read:

8 Sec. 10.20.620. BIENNIAL [ANNUAL] REPORT OF DOMESTIC AND FOREIGN  
9 CORPORATIONS. Each domestic corporation and each foreign corporation  
10 authorized to transact business in the state shall file a biennial [AN  
11 ANNUAL] report within the time prescribed by this chapter. The informa-  
12 tion contained in the biennial report shall be given as of June 30 of  
13 the reporting year.

14 \* Sec. 63. AS 10.20.625 is amended to read:

15 Sec. 10.20.625. CONTENTS OF BIENNIAL [ANNUAL] REPORT. The biennial  
16 [ANNUAL] report shall set out

17 (1) the name of the corporation and the state or country  
18 where it is incorporated;

19 (2) the address of the registered office of the corporation  
20 in the state, and the name of its registered agent in the state at that  
21 address, and, in the case of a foreign corporation, the address of its  
22 principal office in the state or country where it is incorporated;

23 (3) a brief statement of the character of the business in  
24 which the corporation is engaged in the state;

25 (4) the names and addresses of the directors and officers of  
26 the corporation; [.]

27 (5) the real and personal property assets of the corporation.  
28 [;]

29 [(6) THE NAME AND ADDRESS OF A PERSON OWNING AT LEAST FIVE

1 PERCENT OF THE SHARES, OR FIVE PERCENT OF ANY CLASS OF SHARES, AND THE  
2 PERCENTAGE OF THE SHARES OR CLASS OF SHARES OWNED BY THAT PERSON.]

3 \* Sec. 64. AS 10.20.630(a) is amended to read:

4 Sec. 10.20.630. FILING OF BIENNIAL [ANNUAL] REPORT OF DOMESTIC AND  
5 FOREIGN CORPORATIONS. (a) The biennial [ANNUAL] report of a domestic  
6 or foreign corporation must [SHALL] be delivered to the commissioner  
7 before July 2 [BETWEEN JUNE 1 AND AUGUST 1] of the reporting [EACH]  
8 year. A domestic corporation filing its articles of incorporation and a  
9 foreign corporation receiving a certificate of authority during an even-  
10 numbered year must file the biennial report before July 2 of each even-  
11 numbered year. A corporation filing its articles of incorporation or  
12 receiving its certificate of authority during an odd-numbered year must  
13 file the biennial report before July 2 of each odd-numbered year. The  
14 biennial report is delinquent if not filed before August 1 of each odd  
15 or even year as provided in this section. Delinquent returns are sub-  
16 ject to the penalty prescribed in AS 10.20.325 [THE FIRST ANNUAL REPORT  
17 OF A DOMESTIC OR FOREIGN CORPORATION SHALL BE FILED BETWEEN JUNE 1 AND  
18 AUGUST 1 OF THE YEAR SUCCEEDING THE CALENDAR YEAR IN WHICH ITS CERTI-  
19 FICATE OF INCORPORATION OR ITS CERTIFICATE OF AUTHORITY, AS THE CASE MAY  
20 BE, WAS ISSUED BY THE COMMISSIONER].

21 \* Sec. 65. AS 10.20.630 is amended by adding a new subsection to read:

22 (e) The first biennial report for corporations required to file in  
23 even-numbered years must be filed before September 2, 1980, and is  
24 delinquent if not filed before October 1, 1980. The information con-  
25 tained in the first biennial report shall be given as of June 30, 1980.  
26 The first biennial report for corporations required to file in odd-  
27 numbered years must be filed before July 2, 1981. For the year 1980,  
28 those corporations required to file in odd-numbered years must, in the  
29 event of a change of an officer or director as of June 30, 1980, file a

1 notice of change as required by this chapter before September 2, 1980.

2 \* Sec. 66. AS 10.20 is amended by adding a new section to article 7 to  
3 read:

4 Sec. 10.20.631. FILING NOTICE OF CHANGE OF OFFICERS OR DIRECTORS.

5 (a) In the event of a change of an officer or director during the year  
6 following the filing of the biennial report, the corporation must file a  
7 notice of change amending the report before July 2 of that year.

8 (b) The notice must be filed in the office of the commissioner and  
9 must state the name and current address of a director or officer not  
10 stated in the corporation's last filed biennial report, and the name of  
11 the person replaced and the office held. The notice must be signed by  
12 an officer of the corporation.

13 \* Sec. 67. AS 10.20.635 is amended to read:

14 Sec. 10.20.635. FEES FOR FILING DOCUMENTS AND ISSUING CERTIFI-  
15 CATES. (a) The commissioner shall establish by regulation subject to  
16 AS 10.05.773, charge and collect for

17 (1) filing articles of incorporation and issuing a certifi-  
18 cate of incorporation [, \$30];

19 (2) filing articles of amendment and issuing a certificate of  
20 amendment [, \$15];

21 (3) filing restated articles of incorporation and issuing  
22 restated certificate of incorporation [, \$15];

23 (4) filing articles of merger or consolidation and issuing a  
24 certificate of merger or consolidation [, \$15];

25 (5) filing a statement of change of address of registered  
26 office or change of registered agent, or both [, \$10];

27 (6) filing articles of dissolution [, \$10];

28 (7) filing an application of a foreign corporation for a  
29 certificate of authority to conduct affairs in this state and issuing a

1 certificate of authority [, \$30];

2 (8) filing an application of a foreign corporation for an  
3 amended certificate of authority to conduct affairs in this state and  
4 issuing an amended certificate of authority [, \$15];

5 (9) filing a copy of an amendment to the articles of incorpo-  
6 ration of a foreign corporation holding a certificate of authority to  
7 conduct affairs in this state [, \$15];

8 (10) filing a copy of articles of merger of a foreign corpo-  
9 ration holding a certificate of authority to conduct affairs in this  
10 state [, \$15];

11 (11) filing an application for withdrawal of a foreign corpo-  
12 ration and issuing a certificate of withdrawal [, \$10];

13 (12) filing any other statement or report, including a  
14 biennial [AN ANNUAL] report, of a domestic or foreign corporation [, \$5].

15 (b) The department may by regulation charge each corporation  
16 subject to this chapter a fixed fee in place of the various fees speci-  
17 fied in this chapter, with the exception of (a)(1) of this section, and  
18 for routine administrative services rendered to the corporation by the  
19 department. An increase in the fixed fee charged under this subsection  
20 is subject to AS 10.05.773.

21 \* Sec. 68. AS 10.20.640 is amended to read:

22 Sec. 10.20.640. FEE FOR CERTIFIED COPIES OF INSTRUMENTS. The fee  
23 for furnishing a certified copy of any instrument shall be established  
24 by the department by regulation subject to AS 10.05.773 [IS \$1 FOR THE  
25 FIRST THREE FOLIOS OR LESS AND 20 CENTS A FOLIO FOR EACH ADDITIONAL  
26 FOLIO. HOWEVER, THE CHARGE FOR A CERTIFIED COPY OF ARTICLES OF INCOR-  
27 PORATION IS \$5 FOR THE FIRST 20 FOLIOS OR LESS AND 20 CENTS A FOLIO FOR  
28 EACH ADDITIONAL FOLIO].

29 \* Sec. 69. AS 10.20.645(a) is amended to read:

1 (a) A domestic or foreign corporation that fails or refuses to  
2 file its biennial [ANNUAL] report for any required reporting period  
3 [YEAR] within the time prescribed by this chapter is subject to a penalty  
4 of \$5 to be assessed by the commissioner.

5 \* Sec. 70. AS 10.20 is amended by adding a new section to read:

6 Sec. 10.20.673. CANCELLATION OF CERTIFICATES ISSUED AND FILINGS  
7 ACCEPTED. The provisions in the Alaska Business Corporation Act  
8 (AS 10.05) relating to the cancellation of certain corporate filings  
9 apply to nonprofit corporations.

10 \* Sec. 71. AS 10.25 is amended by adding a new section to read:

11 Sec. 10.25.375. CANCELLATION OF CERTIFICATES ISSUED AND FILINGS  
12 ACCEPTED. The commissioner may, within one year after a filing, and  
13 after written notice to the cooperative or individual making a filing,  
14 cancel a certificate issued or filing accepted under this chapter, on  
15 any ground existing at the time notice of cancellation is made for which  
16 the commissioner could have originally refused to issue the certificate  
17 or accept the filing. The notice of cancellation shall state the reason  
18 for the proposed cancellation. A cooperative or individual may request  
19 a hearing within 90 days after receipt of the notice. The notice of  
20 cancellation becomes final if the cooperative or individual does not  
21 request a hearing within 90 days after receipt of notice. Notice of  
22 cancellation must be sent by certified mail with return receipt re-  
23 quested. If the return receipt is not received by the department within  
24 a reasonable time and the department has made diligent inquiry as to the  
25 current address of the corporation, notice may be made by publication in  
26 a newspaper of general circulation in the vicinity of the registered  
27 office of the cooperative or the address of the individual who made the  
28 filing, and the cancellation becomes final 60 days after publication of  
29 the notice.

1 \* Sec. 72. AS 10.25.530 is amended to read:

2 Sec. 10.25.530. FEES. (a) The commissioner shall establish by  
3 regulation subject to AS 10.05.773, charge and collect filing fees for

4 (1) filing articles of incorporation [, \$15];

5 (2) filing articles of amendment [, \$10];

6 (3) filing articles of consolidation or merger [, \$10];

7 (4) filing articles of conversion [, \$15];

8 (5) filing certificate of election to dissolve [, \$5];

9 (6) filing articles of dissolution [, \$10];

10 (7) filing certificate of change of principal office and  
11 designation or change of registered office and registered agent [, \$5];  
12 and

13 (8) acting as agent for service of process [, \$10].

14 (b) The department may by regulation charge each cooperative  
15 subject to this chapter a fixed fee in place of the various fees speci-  
16 fied in this chapter, with the exception of (a)(1) of this section, and  
17 for the routine administrative services rendered to the corporation by  
18 the department. An increase in the fixed fee charged under this subsec-  
19 tion is subject to AS 10.05.773.

20 \* Sec. 73. AS 10.35.060 is amended to read:

21 Sec. 10.35.060. FEE FOR AND DURATION OF REGISTERED NAME. The fee  
22 for the initial registration of a business name shall be established  
23 by the department by regulation subject to AS 10.05.773 [IS \$20]. The  
24 year in which the registration becomes effective is considered a full  
25 year of registration and the registration is effective until the close  
26 of the fifth calendar year beginning with the year of initial registra-  
27 tion.

28 \* Sec. 74. AS 10.35.070 is amended to read:

29 Sec. 10.35.070. RENEWAL OF REGISTERED NAME. A registered business

1 name may be renewed every five years if an application for renewal is  
2 filed. An application for renewal must set out the facts required in an  
3 original application for registration and be accompanied by a renewal  
4 fee to be established by the department by regulation subject to AS 10.-  
5 05.773 [OF \$20]. An application for renewal may be filed between  
6 October 1 and December 31 of any year. The renewal of the registration  
7 extends the registration for the following five calendar years.

8 \* Sec. 75. AS 10.35 is amended by adding a new section to read:

9 Sec. 10.35.085. CANCELLATION OF CERTIFICATES ISSUED AND FILINGS  
10 ACCEPTED. The provisions in the Alaska Business Corporation Act  
11 (AS 10.05) relating to the cancellation of certain corporate filings  
12 apply to business names.

13 \* Sec. 76. AS 10.40.105 is amended to read:

14 Sec. 10.40.105. BIENNIAL [ANNUAL] REPORT. A corporation formed  
15 under this chapter shall file a biennial [AN ANNUAL] report with the  
16 commissioner of commerce and economic development setting out the real  
17 and personal property assets of the corporation.

18 \* Sec. 77. AS 10.40.140(a) is amended to read:

19 (a) Any document required to be filed with the commissioner under  
20 this chapter shall be accompanied by a fee to be established by the  
21 department by regulation subject to AS 10.05.773 [OF \$10].

22 \* Sec. 78. AS 10.40 is amended by adding a new section to read:

23 Sec. 10.40.160. CANCELLATION OF CERTIFICATES ISSUED AND FILINGS  
24 ACCEPTED. The provisions in the Alaska Business Corporation Act  
25 (AS 10.05) relating to the cancellation of certain corporate filings  
26 apply to religious corporations.

27 \* Sec. 79. This Act takes effect July 1, 1980.  
28  
29