

LEG. FINANCE - BILLS 1979 - 1980 1271

SB 112



# RECORDS CERTIFICATION

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James O. Smith  
Signature of Camera Operator

3/23/90  
Date

SB 112

SENATE FINANCE COMMITTEE  
BILL CHECKLIST

1. Committee Copy-Current Bill
2. History Cover Form
3. Printed Copies:
  - Original Bill
  - Committee Substitutes or Amendments
4. SFC Committee Report Form
5. Fiscal Information:
  - Note in File \_\_\_\_\_
  - Note Requested \_\_\_\_\_ Date \_\_\_\_\_
  - Other Financial Backup \_\_\_\_\_  
(See Below) \_\_\_\_\_
6. Backup:
  - Handouts \_\_\_\_\_
  - Letter from Governor \_\_\_\_\_
  - Letter from Sponsor \_\_\_\_\_
  - Completed Committee Reports \_\_\_\_\_
  - Committee Completed
  - Other \_\_\_\_\_

COMMITTEE REPORT  
SENATE

3/2/79

FURTHER:

Date: March 4, 1980

Mr. President:

The Committee on FINANCE has had SB 112  
corporate dissolution and reinstatement and fees paid by businesses and  
corporations

under consideration and (a majority of the committee) (the committee)  
reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for \_\_\_\_\_  same title  
 new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

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CHAIRMAN

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.

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 may 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 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.

Therefore, in summary the Corporation Section is presently 8-9 man-months behind in administering various aspects of AS 10. In addition, it could 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

-4-

February 29, 1980

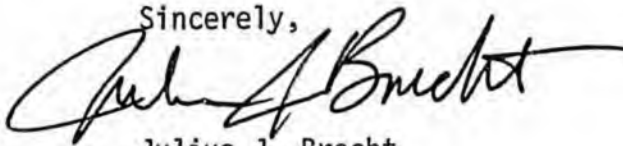
than take up the one-half man-year savings hoped for in going to a biennial report.

#### 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

Introduced: 2/6/79  
Referred: Commerce and Finance

BY THE COMMERCE  
COMMITTEE

1 IN THE SENATE

2 SENATE BILL NO. 112

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to corporate dissolution and rein-  
7 statement, and fees paid by businesses and corpora-  
8 tions; and providing for an effective 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 esta-  
12 blished by the department by regulation [IS \$2 FOR EACH MONTH, OR FRAC-  
13 TION OF EACH MONTH, BETWEEN THE DATE OF FILING THE APPLICATION AND  
14 DECEMBER 31 OF THE CALENDAR YEAR IN WHICH THE APPLICATION IS FILED].

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

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

25 \* Sec. 3. AS 10.05.519(d) is amended to read:

26 (d) A corporation dissolved by the commissioner under the pro-  
27 visions of this section may be reinstated by the commissioner at any  
28 time within two years from the date of the certificate of involuntary  
29 dissolution whenever it is established to the satisfaction of the com-

1       missioner that in fact there was no cause for the dissolution, or when-  
2       ever the neglect or delinquency resulting in dissolution has been cor-  
3       rected and payment made of double the amount delinquent along with  
4       the amount the corporation would have paid had it not been dissolved.

5       Reinstatement may not be authorized if the same or a deceptively similar  
6       corporate, [LIMITED PARTNERSHIP,] reserved or registered name is cur-  
7       rently on file with the commissioner, unless the corporation being  
8       reinstated contemporaneously amends its articles of incorporation to  
9       change its name to conform with the provisions of this chapter.

10      \* Sec. 4. AS 10.05.594 is amended by adding new subsections to read:

11           (b) If a dissolved corporation is the owner of real or personal  
12       property, or claims an interest in or lien upon any real or personal  
13       property, the corporation through its board of directors, continues to  
14       exist for five years after the date of dissolution for the purpose of  
15       conveying, transferring, or releasing the real or personal property or  
16       interest in or lien upon that property. A dissolved corporation through  
17       its board of directors, continues to exist for the purpose of being made  
18       a party in any action or proceeding arising before its dissolution and  
19       involving the title to real or personal property or any interest in it.  
20       The action or proceeding may be instituted and maintained in the same  
21       manner as the dissolution of the corporation. This subsection does not  
22       affect or suspend any statute of limitations applicable to a claim.

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

27      \* Sec. 5. AS 10.05.708(a) is amended to read:

28           (a) A domestic or foreign corporation which is required by law to  
29       file articles of incorporation with the department, except corporations

1 organized under AS 10.20 and foreign corporations organized under the  
2 laws of the United States or the laws of a state or territory of the  
3 United States or the laws of a foreign country for the same purposes as  
4 those allowed under AS 10.20, shall pay to the commissioner a filing  
5 fee established by the department by regulation. The filing fee shall  
6 be based on the amount of authorized capital stock of the corporation.

7 [(1) IF THE AUTHORIZED CAPITAL STOCK OF THE CORPORATION IS  
8 \$100,000, OR LESS, A FILING FEE OF \$30;

9 (2) IF THE AUTHORIZED CAPITAL STOCK OF THE CORPORATION EX-  
10 CEEDS \$100,000, THE FEE SET FORTH IN (1) OF THIS SUBSECTION PLUS AN  
11 ADDITIONAL FEE OF 20 CENTS FOR EACH \$1,000, OR FRACTION OF \$1,000, OF  
12 AUTHORIZED CAPITAL STOCK ABOVE \$100,000;

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

17 \* Sec. 6. AS 10.05.711(a) is amended to read:

18 (a) A domestic or foreign corporation, except corporations organi-  
19 zed under AS 10.20 and foreign corporations organized under the laws of  
20 the United States or the laws of a state or territory of the United  
21 States or the laws of a foreign country for the same purposes as those  
22 allowed under AS 10.20, filing amendatory or supplemental articles of  
23 incorporation, or certificates of increase or decrease of capital stock  
24 with the department, shall pay to the commissioner

25 (1) for filing amendatory or supplemental articles which do  
26 not increase capital stock, or for filing a certificate of decrease of  
27 capital stock, a fee established by the department by regulation [OF  
28 \$10];

29 (2) for filing amendatory or supplemental articles which do

1 not increase capital stock, or for filing a certificate of increase of  
2 capital stock, a fee established by the department by regulation based  
3 on the amount of change in the authorized stock of the corporation. [OF  
4 \$10, PLUS

5 (A) A FURTHER FEE OF 20 CENTS PER \$1,000 OR FRACTION OF  
6 \$1,000 OF AUTHORIZED INCREASE OF CAPITAL STOCK ABOVE \$100,000 AND  
7 LESS THAN \$1,000,000;

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

10 \* Sec. 7. AS 10.05.714 is amended to read:

11 Sec. 10.05.714. FEES ON APPOINTMENT OR REVOCATION OF APPOINTMENT  
12 OF PROCESS AGENT. (a) A foreign corporation filing with the department  
13 a certificate of the appointment and consent of the agent residing in  
14 the state, or a certificate of revocation of the appointment of the  
15 resident agent shall pay a fee [OF \$5] to the commissioner established  
16 by the department by regulation.

17 (b) For filing a statement, mentioned in AS 10.05.054(a) and (b),  
18 of change of address of registered agent, the agent shall pay a fee [OF  
19 \$25] to the commissioner established by the department by regulation.

20 \* Sec. 8. AS 10.05.720 is amended to read:

21 Sec. 10.05.720. FAILURE TO PAY TAX OR MAKE REPORT AS PRECLUDING  
22 SUIT BY CORPORATION AND CERTIFICATE OF PAYMENT OR FILING AS EVIDENCE.  
23 No domestic or foreign corporation may commence or maintain a suit,  
24 action or proceeding in a court in the state without alleging and prov-  
25 ing that it has paid its annual corporation tax last due and has filed  
26 it annual report for the last calendar or fiscal year for which the  
27 report became due. A certificate of the payment of the annual tax and  
28 filing of the annual report is prima facie evidence of the payment of  
29 the tax and the filing of the annual report. The commissioner shall

1 issue the certificate or a duplicate for a fee established by the depart-  
2 ment by regulation [OF 25 CENTS].

3 \* Sec. 9. 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 [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.

13 \* Sec. 10. As 10.05.750 is amended to read:

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

24 \* Sec. 11. AS 10.05.753 is amended to read:

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

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 PROPORTIONATE 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, and 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 [,\$10];

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, ~~1979~~. 1980 .  
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THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

*News*

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)

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 112 amendments

Title An Act relating to corporate dissolution and reinstatement, & fees paid by businesses

Requested by Governor Date 1/2/80

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>	20.0	0	0	0	0	0

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)

FISCAL NOTE

## I. REQUEST

Bill/Resolution No. SB 112 amendmentsTitle An act relating to corporate dissolution and reinstatement, & fees paid by businessRequested by Governor Date 1/2/80 & corporation

## II. FISCAL DETAIL

Agency Affected Commerce & Economic DevelopmentProgram 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.						
TOTAL		20.0	0	0	0	0

FUNDING (Thousands of Dollars)

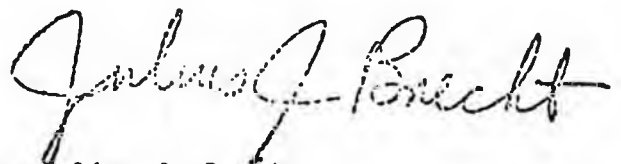
GENERAL FUND		20.0				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

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 corporate 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 1/3/80PREPARED BY Julius J. BrechtAGENCY Division of Banking & SecuritiesPHONE 465.2521

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

## DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

DIVISION OF BANKING, SECURITIES, SMALL LOANS & CORPORATIONS

POUCH D  
JUNEAU, ALASKA 99811

March 30, 1979

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

Dear Senator Sackett:

As requested by your staff today, please find enclosed copies of the fiscal note, and my written testimony statement on SB 112 before the Senate Commerce Committee, and a section-by-section analysis of the bill dated January 19, 1979.

The provisions of the bill have been reviewed by the Alaska Bar Association and certain members of that association, and I have received no adverse comment on it.

The bill basically provides that fees charged to corporations and other entities under the corporations title AS 10 will be set by regulation. I believe the approach of the bill is in the interest of efficient government and timely service to the public.

If you have further questions on this matter, please do not hesitate to contact me.

Sincerely,



Julius O. Brecht  
Director

JJB/kkk5/3

Enclosures

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 Development

SUBJECT: 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 10.25.530). 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

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 \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Commerce & Economic Development

Program Category Affected Public Protection

Budget Request Unit(s) Affected Banking and Securities

EXPENDITURES (Thousands of Dollars)

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

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER (Specify)	-0-	-0-	-0-	-0-	-0-	-0-

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)

No fiscal impact

IV. DATE March 30, 1979

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)

## ECONOMIC DEVELOPMENT BUREAU

### ASSOCIATE APPLICATION

The staff of the Economic Development Bureau, Inc. (EDB) invites you to apply to become an Associate. The EDB is a non-profit international consulting group, independent of governments, corporations, foundations and multilateral agencies. Because we bring a socialist and anti-imperialist perspective to our work, we provide a substantive alternative to the consulting activities of bilateral, multilateral and private institutions. The EDB was founded in 1975 by Dr. Idrian N. Resnick, a former senior economist in the Ministry of Planning in Tanzania.

As an Associate, you will join a network of over 300 people from both third world and industrialized nations, including Paulo Freire, Samir Amin, Frances Moore Lappé, Dharam Ghai, Ann Seidman, Jennifer Davis, Budd Hall and Michael Tanzer, whose unique combination of technical expertise and political commitment place them at the frontiers of progressive development strategies and techniques. Associates play a vital role in the EDB by working with us to both formulate policy and carry out concrete projects.

### WHAT IS THE EDB?

Unlike conventional consulting firms, the central goal of the EDB is to reduce third world dependence on capitalist countries and corporations. Whenever possible, EDB consultants and researchers are third world people. We base this policy on the reality that there are already more than enough technically competent people in the third world to perform the vast majority of tasks usually assigned to North American and European consultants.

We use a class analysis in all of our work, seeking to ensure that our activities directly benefit peasants and workers, and not those of other classes. Our projects are based on the goals of decreasing foreign dependency, fostering the utilization of local skills, technologies and materials, and developing collective self-reliance. Whether advising governments on petroleum strategies or

working with peasants to improve grain storage, we use the participatory techniques based on the methodology of the Brazilian educator, Paulo Freire.

The EDB agrees to undertake specific projects only after thoroughly examining whether outside advice and personnel are necessary. In contrast to most consulting firms, we do not organize our work in order to generate more business; instead, we consciously develop a government or organization's capacity to continue the work without our further participation. Our work is always of the highest quality, reflecting our ability to draw on the expertise of EDB Associates and to utilize innovative techniques.

Our consultants are hired on a project-by-project basis, but are paid lower than commercial rates. They receive important support from the EDB staff in the form of project formulation, background research, training sessions and project management. The small office staff works collectively, sharing both administrative tasks and decision-making. We keep our overhead costs low, and staff salaries are considerably below those paid by commercial firms and bilateral and multilateral agencies.

The costs of EDB consulting work are paid directly by the clients, usually with foreign aid grants. The governments of the Netherlands and Sweden have funded our work in the past, as have a private Canadian foundation, and an American church agency.

#### WHAT HAS THE EDB DONE?

Because of the Associates' multiplicity of skills, the EDB is able to undertake projects in a variety of fields. Examples of EDB projects are:

#### APPROPRIATE TECHNOLOGY FOR GRAIN STORAGE, Tanzania 1976-1977:

In cooperation with two Tanzanian institutions, the EDB undertook a pilot project to test methods for mobilizing peasants to curb the substantial food losses caused by insects, rodents and mildew. Through the process of conscientization, the villagers came together to collectively design a more efficient and diverse grain storage system. The project is now widely recognized as a unique example of the combination of participatory

techniques and local skills, materials and technology to solve a concrete village problem.

**BAUKITE DEVELOPMENT, 1978:**

This EDB study presented to a third world government the full range of options available for the production and marketing of its bauxite resources, including the most effective techniques for negotiating with foreign companies and institutions.

**THE FORMATION OF A NATIONAL PETROLEUM STRATEGY, 1978:**

After detailing the various contracts third world countries have negotiated with foreign firms, EDB consultants made specific recommendations to a third world government concerning the best ways to maximize control over, and profits from, the development of its petroleum resources.

**REDUCING POST-HARVEST FOOD LOSSES, 1979-1980:**

Building on our Tanzanian experience, the EDB undertook a project to reduce post-harvest food losses in Guinea-Bissau. Our main effort was to train Guinean agricultural cadres in participatory techniques and agricultural technology.

The EDB is constantly engaged in formulating and designing new projects. Under the direction of Dr. Michael Tanzer, the noted petroleum economist and Chairman of the Board of the EDB, we are now organizing a training course in petroleum economics for third world officials, entitled **TOWARDS INCREASING THIRD WORLD CONTROL OVER PETROLEUM**. We are also developing projects in the energy, construction and literacy fields.

In addition to our consulting work, we perform a number of other important services:

- ⑤ **Research:** The EDB specializes in research which locates technically and politically relevant information for third world governments, groups and individuals.
- ⑤ **Communications:** The EDB network enables us to respond to requests for information and contacts from our Associates and other interested people.

- ② Education: Through interviews, lectures and publications, we publicize the fact that many concrete alternatives exist to bureaucratic and capitalist approaches to development. Appropriate Technology for Grain Storage, a description of our Tanzanian grain storage project, has received widespread international publicity.

#### WHO ARE EDB ASSOCIATES?

Because the EDB takes a non-sectarian view of socialism, the ideological perspectives of our Associates vary over the entire range of leftist politics. Although Associates have many diverse skills and widely varying backgrounds, they share the conclusion that concrete action, consistent with their political ideologies, is both possible and necessary within many different contexts.

Formal credentials are not required to become an Associate, but knowledge and experience are essential. Many Associates are engaged in critically examining their own training in order to formulate innovative approaches to their fields. Although a number of Associates are able to act as consultants, many are not.

Except for consulting jobs, Associates donate their labor to the EDB. When the EDB staff contacts them for assistance, they must be prepared to analyze the request, and accept or refuse it on the basis of their political conclusions and availability. For our part, we organize requests so that Associates can complete them quickly, and we do not call upon any individual too often.

#### WHAT DOES THE EDB PROVIDE ASSOCIATES?

Whether they work as EDB consultants or support our activities in other ways, Associates have the unique opportunity to work within an organization which constantly strives to translate its political goals into practice. Through the EDB, Associates have access to others with similar interests and outlooks for an exchange of information and ideas. Associates involved in development projects

may draw upon our staff and network for answers to specific questions, reactions to their ideas and for information about innovations and innovators relevant to their work.

Many Associates, especially third world citizens, have designed projects which they cannot activate through the channels open to them. Through access to funding and supporting labor, the EDB provides them with the opportunity to finalize and implement these projects. We help Associates in all aspects of project development, from writing funding proposals to designing evaluation procedures.

Several examples will illustrate how the EDB has assisted Associates:

1. An Associate who was asked by his government to evaluate a proposal by a multinational corporation requested and received from us a confidential profile on the company's past work in the third world.

2. A Tanzanian Associate brought the outline of a project proposal to us for assistance in its development, funding and execution.

3. The Government of Nicaragua requested an Associate to supply them with materials on innovative development strategies of progressive third world countries. We compiled a set of materials through our network.

4. Acting on the request of an Associate, we secured a manpower economist for the Government of Jamaica.

#### HOW DO ASSOCIATES WORK WITH THE EDB?

Associates are a vital part of the EDB. Many Associates helped in the establishment of the EDB in 1975, and today a significant number continually participate in the expansion of our activities and the development of EDB policies. Although the head office maintains only a small staff, we have active Associates in over 30 countries.

In addition to specific consulting jobs and the general promotion of the EDB, Associates:

- ② keep us informed of their work and the new activities and materials related to their field;

- ① compile technical information relating to EDB projects;
- ② make contacts with third world officials;
- ③ help identify, evaluate, and prepare consulting proposals;
- ④ find and interview potential members of consulting teams;
- ⑤ prepare briefings and background materials for consultants;
- ⑥ critically review EDB draft consulting reports and other publications;
- ⑦ recruit other Associates, especially from the third world;
- ⑧ research private agencies, multilateral and bilateral institutions and corporations active in the third world;
- ⑨ help define the framework of EDB activities.

The preparation of our project on the reduction of post-harvest losses of food in Guinea-Bissau provides an excellent example of how Associates participate in the work of the EDB. Associates helped us design the proposal, and were active in recruiting and assessing potential consultants. Two EDB Associates actually traveled to Guinea-Bissau before the project was finalized in order to survey the local techniques of grain storage and to discuss the project with the government. Team preparation, including locating both language and agricultural training programs, was undertaken by Associates. One of our Associates, an adult educator skilled in conscientization techniques, volunteered his services and helped design the training component of the project in Guinea-Bissau.

If you are interested in applying to become an Associate, please fill out the attached form and send it with a resumé to:

The Economic Development Bureau  
P.O.Box 1717  
New Haven, Connecticut 06507  
U.S.A.

We look forward to hearing from you.

ECONOMIC DEVELOPMENT BUREAU

Associate Application Form

NAME \_\_\_\_\_ AGE \_\_\_\_\_ SEX \_\_\_\_\_

NATIONALITY \_\_\_\_\_ FLUENT LANGUAGE(S) \_\_\_\_\_

HOME ADDRESS \_\_\_\_\_

\_\_\_\_\_ HOME PHONE \_\_\_\_\_

OFFICE ADDRESS \_\_\_\_\_

\_\_\_\_\_ OFFICE PHONE \_\_\_\_\_

PRESENT JOB \_\_\_\_\_

PAST EXPERIENCE RELEVANT TO EDB WORK, INCLUDING THE NAMES OF SUPPORTING ORGANIZATIONS

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

AVAILABILITY FOR EDB WORK \_\_\_\_\_

\_\_\_\_\_

SPECIAL SKILLS: writing \_\_\_\_\_ research \_\_\_\_\_ recruiting \_\_\_\_\_

fundraising \_\_\_\_\_ project development and management \_\_\_\_\_

translation and interpreting \_\_\_\_\_ technical skills \_\_\_\_\_

\_\_\_\_\_ other \_\_\_\_\_

\_\_\_\_\_

How could you best support the work of the EDB? \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

How could the EDB support your work? \_\_\_\_\_

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What is your development philosophy and how have you translated it into practice?

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Other comments: \_\_\_\_\_

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Please send me more information on the EDB.

I would like more copies of this paper to give to others who would be interested in becoming EDB Associates.

Please feel free to ask us specific questions or elaborate on the themes in this questionnaire in a separate letter. After we receive your application form, we will respond by mail. Please attach a resumé if possible.

RETURN TO:

The Economic Development Bureau, Inc.

P.O.Box 1717

New Haven, Connecticut 06507

U.S.A.

TESTIMONY OF JULIUS J. BRECHT, DIRECTOR  
DIVISION OF BANKING & SECURITIES  
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT  
BEFORE  
SENATE FINANCE COMMITTEE

February 27, 1980

Good morning. My name is Julius J. Brecht, and I am the Director of the Division of Banking and Securities within the Department of Commerce & Economic Development. I would first like to thank you for the opportunity to appear before the Committee to offer comment on SB 112.

The bill before you proposes a number of changes to the Corporations and Associations Title (AS 10). These changes are centered primarily on the replacing of various statutory fees with provisions that the fees will be set by the department by regulation. The bill also provides in the alternative for a flat fee per corporation per year for all services rendered by the department in place of the individual fees. In this way, the costs incurred by the department would be paid by the corporation and members of the public requesting information and the fees could be adjusted from time to time so that the cost of providing the service is not borne by the Alaskan taxpayer. I would like to direct your attention to my Statement of Testimony before the Senate Commerce Committee on this bill on March 1, 1979 and a section-by-section analysis of the bill, dated January 19, 1979, for further discussion of the provisions of the bill.

During the time since the past session of Alaska Legislature, the division has conducted a review of the reporting requirements under AS 10. As a result of this review, I would like to recommend three basic amendments to the bill before you. The amendments are as follows:

1. require a biennial rather an annual corporate report filing from business, nonprofit, religious, and professional corporations;
2. require a biennial rather an annual corporation tax payment from business corporations; and
3. reduce 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.

The proposed amendments are explained in more detail in my memorandum, dated February 5, 1980, a copy of which is attached, along with a copy of the amendments.

The proposed amendments to the reporting requirements of AS 10 will serve to reduce the reporting burden on the corporations and lessen the paperflow into the division on approximately 12,000 corporations presently

on file. The amendments do not change the amount of tax paid per year by corporations, but merely make the payments due every other year for two-year periods.

Business, cooperative, and professional corporations would be required to keep current the information held by the department on directors, officers, shareholders holding five percent or more of the shares of a corporation, or alien affiliates of a corporation by voluntarily filing, if there are changes in that information, during those alternate years when the formal biennial report is not required. However, nonprofit and religious corporations would be subject to these reporting requirements only for changes in officers and directors

In summary, the bill before you will streamline the accounting procedures for various statutory fees and will greatly reduce the reporting of redundant information on the approximately 12,000 corporations on file with the department, while at the same time maintain a current public file on corporate information. 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 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.

I stand ready to answer questions that you may have regarding the bill and the proposed amendments.

TESTIMONY OF JULIUS J. BRECHT, DIRECTOR  
DIVISION OF BANKING AND SECURITIES  
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

BEFORE  
SENATE COMMERCE COMMITTEE

March 1, 1979

Good afternoon. My name is Julius J. Brecht, Director of the Division of Banking and Securities within the Department of Commerce and Economic Development. I would first like to take this opportunity to thank you for the opportunity to appear before this committee to offer comment on SB 112.

The Corporations and Associations Title, AS 10, requires the department to accept filings for incorporation of domestic corporations (incorporated in Alaska) and registrations of articles of incorporation for foreign corporations (incorporated outside of Alaska) doing business in the State and to maintain those files as official files of the State. The title also requires that corporations and associations keep the information on file current through the submission of annual reports and other filings.

The duties of the department in the context of AS 10 are carried out through the Corporations Section within the Division of Banking and Securities. All of the files maintained by the division in this respect are open to the public.

Fees are charged for the reproduction of various documents and certification of documents or the certification of the status of corporations on file with the division. These fees are supposedly set to cover the cost incurred by the division in administering AS 10. Those fees were set in many cases a number of years ago. Several fees were increased by statute in 1976. However, we again find ourselves faced with the situation where the dollars generated by the combined fee structure provided by AS 10 are not adequate to cover the costs incurred by the division in administering the title. These costs if not paid by the corporations in the form of fees are, of course, ultimately borne by the Alaska taxpayer.

The department, therefore, finds itself once more having to go the Legislature to seek a change in the fees at a time when the Legislature has many extremely important issues to resolve and limited time in which to accomplish those tasks.

The present bill would remedy this situation by replacing all references to specific fees in AS 10 by a directive to the department to adopt regulations setting forth the fees. Of course, those regulations are

reviewable by the Legislature pursuant to AS 44.62.190(a). The bill does not attempt to relegate to regulation the setting of taxes or penalties for late filings. Those are clear prerogatives of the Legislature. However, since the fees provided for in AS 10 are specifically to cover the cost of administering that title, setting those fees by regulation would allow the department to adjust the fees from time to time to pay the reasonable costs of administration of the title. In this way, those who enjoy the advantages of incorporation, e.g., limited personal liability, will pay for the service rather than the Alaska taxpayer.

Another provision of the bill allows for the distribution of assets of a business or non-profit corporation by the board of directors of the corporation after the corporation has been either voluntarily or involuntarily dissolved. In effect, the provision allows the corporate existence to continue up to seven years after the corporation has been dissolved for the sole purpose of distribution of assets discovered after dissolution. After that time period has lapsed, interested parties could go to court to get a determination on the discovered assets.

In summary, the provisions of the bill before you are of a housekeeping nature and will aid the corporations and associations served through a streamlined fee structure as well as aid the department in administering the title. By keeping the fees current, the corporations and not the Alaska taxpayer will pay the reasonable cost of the services rendered by the department through the Corporations Section within this division. A section-by-section analysis of the bill is attached dated January 19, 1979 and is submitted for your information.

I, therefore, urge the members of the committee to carefully consider the provisions of SB 112 and take affirmative action on it.

JJB/slp27U

STATE  
of ALASKA

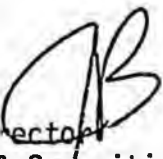
## MEMORANDUM

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 Development

SUBJECT: 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 10.25.530). 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 to 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

2/4/80

A M E N D M E N T

Offered in the SENATE

BY THE COMMERCE COMMITTEE

TO: SENATE BILL NO. 112

Page 1, line 6:

Delete "and" and insert a comma in its place.

Page 1, line 7:

Insert after the comma: "and reports,".

After "paid by," insert "and miscellaneous amendments pertaining to".

Page 1, between lines 24 and 25, insert the following:

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

Sec. 10.05.048. FILING LIST OF REGISTERED CORPORATIONS WITH SUPERIOR COURT. The commissioner shall file a list of the name of each corporation, the address of the registered office and the name and address of the registered agent with each clerk of the superior court. The commissioner shall provide a periodic supplement to the list, indicating additions, deletions and changes [AT LEAST ONCE EVERY SIX MONTHS]. The commissioner shall make the list available to the public for a fee prescribed by him.

\* Sec. 4. AS 10.05.519(a)(1) is amended to read:

(1) the corporation is delinquent two [SIX] months in filing its biennial [ANNUAL] report or in paying a license filing fee or penalty;

\* Sec. 5. AS 10.05.519(a) is amended by adding a new paragraph to read:

(6) the corporation is 30 days delinquent in filing notice of change of an officer, director, alien affiliate, or five per cent shareholder as required by this chapter.

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AD Page 1, line 25:

Delete "Sec. 3" and insert "Sec. 6" in its place.

AD Page 2, between lines 26 and 27, insert the following:

\* Sec. 7. AS 10.05.675(1) is amended to read:

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

AB \* Sec. 8. AS 10.05.696 is amended to read:

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

AD \* Sec. 9. AS 10.05.699 is amended to read:

Sec. 10.05.699. BIENNIAL [ANNUAL] REPORT OF DOMESTIC AND FOREIGN CORPORATIONS. Each domestic corporation and each foreign corporation authorized to transact business in the state must [SHALL] file a

1 biennial [AN ANNUAL] report within the time prescribed by this chapter.

A10 \* Sec. 10. AS 10.05.702 is amended to read:

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

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

7 (2) the address of the registered office of the corporation  
8 in the state, and the name of its registered agent in the state at  
9 that address, and, in the case of a foreign corporation, the address  
10 of its principal office in the state or country where it is incor-  
11 porated;

12 (3) a brief statement of the character of the business and  
13 primary business activities in which the corporation is engaged in the  
14 state;

15 (4) the names and addresses of the directors and officers  
16 of the corporation;

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

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

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

25 (8) the name and address of each affiliate which is a  
26 nonresident alien or a corporation whose place of incorporation is  
27 outside the United States and the percentage of outstanding shares  
28 controlled by each affiliate; [.]

29 (9) the name and address of each [A] person owning at least

1 five per cent of the shares, or five per cent of any class of shares,  
2 as of September 30 of the second year of the biennial reporting period,  
3 and the percentage of the shares or class of shares owned by that  
4 person.

5  
6 **A1** \* Sec. 11. AS 10.05.705(a) is amended to read:

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

22 **A12** \* Sec. 12. AS 10.05.705 is amended by adding a new subsection to read:

23 (d) For the year 1980, domestic corporations which file articles  
24 of incorporation and foreign corporations which receive a certificate  
25 of authority during an even-numbered year, must, in the event of a  
26 change in an officer, director, five per cent shareholder, or alien  
27 affiliate, during 1980, file notice of change, as required by this  
28 chapter before January 2, 1981.

29 **A13** \* Sec. 13. AS 10.05 is amended by adding a new section to read:

Sec. 10.05.706. FILING NOTICE OF CHANGE OF OFFICERS, DIRECTORS,

1 FIVE PER CENT SHAREHOLDERS, AND ALIEN AFFILIATES. (a) In the event  
2 of any change of an officer, director, or alien affiliate during the  
3 first year of the biennial reporting period, the corporation must file  
4 a notice of change amending that report before the following January  
5 2.

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

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

16  
17 Page 2, line 27:

18 Delete "Sec. 5." and insert "Sec. 14." in its place.

19  
20 Page 3, line 17:

21 Delete "Sec. 6." and insert "Sec. 15." in its place.

22  
23 Page 4, line 10:

24 Delete "Sec. 7." and insert "Sec. 16." in its place.

25  
26 Page 4, between lines 19 and 20, insert the following:

27 \* Sec. 17. AS 10.05.717(a) is amended to read:

28 (a) Each domestic corporation and each foreign corporation doing  
29 business in this state or having its articles of incorporation on file

1 with the department must [SHALL], before January 2 of each filing  
2 year, pay to the commissioner a biennial [AN ANNUAL] corporation tax  
3 as follows: domestic corporation, \$100 [\$50]; foreign corporation,  
4 \$200 [\$100]. A corporation which fails to pay the biennial [ANNUAL]  
5 corporation tax before February 1 of the filing year must [SHALL] pay  
6 to the commissioner a penalty of \$25 for each year or part of a year  
7 of delinquency.

8 *AB* \* Sec. 18. AS 10.05.717(c) is amended to read:

9 (c) Corporations organized under AS 10.20 are [MAY] not [BE]  
10 required to pay the biennial [ANNUAL] corporation tax imposed by this  
11 section.

12 *AB* \* Sec. 19. AS 10.05.717 is amended by adding a new subsection to read:

13 (d) Domestic corporations filing articles of incorporation and  
14 foreign corporations receiving a certificate of authority during an  
15 even-numbered year must pay to the commissioner a corporation tax for  
16 the year 1981 as follows: domestic corporation, \$50; foreign corpora-  
17 tion, \$100. This corporation tax must be paid to the commissioner  
18 before January 2, 1981.

19  
20 *AD* Page 4, line 20:

21 Delete "Sec. 8." and insert "Sec. 20." in its place.  
22

23 *AD* Page 4, lines 21 -- 29, page 5, lines 1 -- 2:

24 Delete all material and insert the following in its place:

25 Sec. 10.05.720. FAILURE TO PAY TAX OR MAKE REPORT AS PRECLUDING  
26 SUIT BY CORPORATION AND CERTIFICATE OF PAYMENT OR FILING AS EVIDENCE.  
27 No domestic or foreign corporation may commence or maintain a suit,  
28 action or proceeding in a court in the state without alleging and  
29 proving that it has paid its biennial [ANNUAL] corporation tax last

1 due and has filed its biennial [ANNUAL] report for the last reporting  
2 period [CALENDAR OR FISCAL YEAR FOR WHICH THE REPORT BECAME DUE]. A  
3 certificate of the payment of the biennial corporation [ANNUAL] tax  
4 and filing of the biennial [ANNUAL] report is prima facie evidence of  
5 the payment of the tax and the filing of the biennial [ANNUAL] report.  
6 The commissioner shall issue the certificate or a duplicate for a fee  
7 established by the department by regulation [OF 25 CENTS].  
8

9 **A10** Page 5, between lines 2 and 3, insert the following:

10 \* Sec. 21. AS 10.05.723 is amended to read:

11 Sec. 10.05.723. ATTORNEY GENERAL TO INSTITUTE SUITS TO COMPEL  
12 PAYMENT. The attorney general may institute suits in the name of the  
13 state to enforce the payment of the biennial [ANNUAL] corporation tax.  
14 Corporations organized under AS 10.20 and foreign corporations orga-  
15 nized under the laws of the United States or the laws of a state or  
16 territory of the United States or the laws of a foreign country for  
17 the same purposes as those allowed under AS 10.20 are exempt from the  
18 payment of the biennial [ANNUAL] corporation tax.

19 **A13** \* Sec. 22. AS 10.05.726 is amended to read:

20 Sec. 10.05.726. FAILURE TO PAY TAX AS EVIDENCE OF INSOLVENCY.  
21 Failure of a corporation to pay its biennial [ANNUAL] corporation tax  
22 for a period of one year after the date when payment first becomes due  
23 is prima facie evidence of the insolvency of the corporation. The  
24 fact of insolvency may be shown by the state or a private person or  
25 corporation.  
26

27 **A14** Page 5, line 3:

28 Delete "Sec. 9." and insert "Sec. 23." in its place.  
29

A15 Page 5, line 13:

2 Delete "\* Sec. 10." and insert "\* Sec. 24." in its place.

3

A26 Page 5, line 16:

5 Delete "annual" and insert "biennial" [ANNUAL]" in its place.

6

A27 Page 5, line 24:

8 Delete "Sec. 11." and insert "Sec. 25." in its place.

9

A28 Page 6, line 1:

11 Delete "Sec. 12." and insert "Sec. 26." in its place.

12

A29 Page 6, line 6:

14 Delete "annual" and insert "biennial" [ANNUAL]" in its place.

15

A30 Page 6, line 9:

17 Delete "Sec. 13." and insert "Sec. 27:" in its place.

18

A31 Page 6, between lines 15 and 16, insert the following:

20 \* Sec. 28. AS 10.05.771 is amended to read:

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

amount of the penalty shall also be adjusted to 10 per cent of the amount of the adjusted corporation [FRANCHISE] tax. The amount of the corporation [FRANCHISE] tax and the amount of the penalty must [SHALL] be separately stated in a notice to the corporation.

32 \* Sec. 29. AS 10.05.825 is amended by adding a new paragraph to read:

6 (22) "five per cent shareholder" means a person owning at  
7 least five per cent of the shares, or five per cent of any class of  
8 shares, of a corporation.  
9

33 Page 6, line 16:

11 Delete "Sec. 14." and insert "Sec. 30." in its place.  
12

34 Page 6, line 25:

14 Delete "Sec. 15." and insert "Sec. 31." in its place.  
15

35 Page 7, between lines 4 and 5, insert the following:

17 \* Sec. 32. AS 10.15.320 is amended to read:

18 Sec. 10.15.320. BIENNIAL [ANNUAL] REPORT. (a) Each cooperative  
19 shall file with the department before August 1 of the reporting year  
20 a biennial [16 OF EACH YEAR AN ANNUAL] report signed by a principal  
21 officer or the general manager setting forth

22 (1) its name and the address of its principal place of  
23 business in the state;

24 (2) the name of its registered agent and address of its  
25 registered office;

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

28 (4) a statement of the aggregate number of shares which the  
29 cooperative may issue, itemized by classes, par value of shares,

# **CORRECTION**

**THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY**

1 amount of the penalty shall also be adjusted to 10 per cent of the  
2 amount of the adjusted corporation [FRANCHISE] tax. The amount of the  
3 corporation [FRANCHISE] tax and the amount of the penalty must [SHALL]  
4 be separately stated in a notice to the corporation.

A32 \* Sec. 29. AS 10.05.825 is amended by adding a new paragraph to read:

6 (22) "five per cent shareholder" means a person owning at  
7 least five per cent of the shares, or five per cent of any class of  
8 shares, of a corporation.

A33 Page 6, line 16:

11 Delete "Sec. 14." and insert "Sec. 30." in its place.

A34 Page 6, line 25:

14 Delete "Sec. 15." and insert "Sec. 31." in its place.

A35 Page 7, between lines 4 and 5, insert the following:

17 \* Sec. 32. AS 10.15.320 is amended to read:

18 Sec. 10.15.320. BIENNIAL [ANNUAL] REPORT. (a) Each cooperative  
19 shall file with the department before August 1 of the reporting year  
20 a biennial [16 OF EACH YEAR AN ANNUAL] report signed by a principal  
21 officer or the general manager setting forth

22 (1) its name and the address of its principal place of  
23 business in the state;

24 (2) the name of its registered agent and address of its  
25 registered office;

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

28 (4) a statement of the aggregate number of shares which the  
29 cooperative may issue, itemized by classes, par value of shares,

1 shares without par value;

2 (5) a statement of the aggregate number of shares subscribed,  
3 but not paid up, itemized by classes, par value of shares, shares  
4 without par value;

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

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

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

13 (b) A domestic cooperative filing its articles of incorporation  
14 and a foreign cooperative receiving a certificate of authority during  
15 an even-numbered year must file the biennial report before August 1 of  
16 each even-numbered year. Those filing their articles or receiving  
17 their certificates during an odd-numbered year must file the biennial  
18 report before July 2 of each odd-numbered year.

19 <sup>10</sup> ~~136~~ \* Sec. 33. AS 10.15.325 is amended to read:

20 Sec. 10.15.325. FORM OF BIENNIAL [ANNUAL] REPORT. The biennial  
21 [ANNUAL] report shall be made on forms furnished by the department.  
22 The information contained in the biennial [ANNUAL] report shall be  
23 given as of June 30 of the reporting year. The first biennial report  
24 for corporations required to file in odd-numbered years must be filed  
25 before July 2, 1981. The first biennial report for corporations  
26 required to file in even-numbered years must be filed before July 2,  
27 1982. The biennial report is delinquent if not filed before August 1  
28 of each odd or even year as provided in this section. Delinquent  
29 returns are subject to the penalty prescribed in AS 10.15.505.

A37 \* Sec. 34. AS 10.15.330 is amended to read:

2           Sec. 10.15.330. FILING OF REPORT BY DEPARTMENT. If the depart-  
3 ment finds that the biennial [ANNUAL] report conforms to the require-  
4 ments of this chapter, it shall accept [FILE] it. If the biennial  
5 [ANNUAL] report does not conform to the requirements of this chapter,  
6 the department shall return it to the cooperative for necessary correc-  
7 tions, in which event the penalties prescribed in this chapter for  
8 failure to file the statement within the time provided in AS 10.15.32's  
9 do not apply, if the statement is corrected to conform to the require-  
10 ments of this chapter and returned to the department within 60 days  
11 after the report has been returned to the cooperative.

12 \* Sec. 35. AS 10.15 is amended by adding a new section to read:

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

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

17 (b) The notice must be filed in the office of the commissioner  
18 and must state the name and current address of any director or officer  
19 not stated in the corporation's last filed biennial report, and the  
20 name of the person replaced and the office held. The notice must be  
21 signed by an officer of the corporation.

22  
A38 Page 7, line 5:

24 Delete "Sec. 16." and insert "Sec. 36." in its place.

25  
A39 Page 7, line 11:

27 Delete "Sec. 17." and insert "Sec. 37." in its place.

28  
A40 Page 7, line 16:

1 Delete "Sec. 18." and insert "Sec. 38." in its place.

2  
A42 Page 8, line 10:

4 Delete "an annual" and insert "a biennial [AN ANNUAL]" in its place.

5  
A43 Page 8, line 12:

7 Delete the word "annual".

8  
A44 Page 8, between lines 16 and 17, insert the following:

10 \* Sec. 39. AS 10.20.325(1) is amended to read:

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

A45 \* Sec. 40. AS 10.20.325 is amended by adding a new paragraph to read:

14 (7) the corporation is 30 days delinquent in filing a  
15 notice of change of an officer or director as required by this chapter.

A46 \* Sec. 41. AS 10.20.345 is amended to read:

17 Sec. 10.20.345. REMOVAL OF GROUND FOR DISSOLUTION. If the  
18 corporation, within the time required by this chapter, files its  
19 biennial [ANNUAL] report or appoints or maintains a registered agent  
20 as provided in this chapter, or files with the commissioner the  
21 required statement of change of registered office or registered agent,  
22 or revokes or concludes a plan of voluntary dissolution, the commis-  
23 sioner's authority to involuntarily dissolve the corporation ceases.  
24

A47 Page 8, line 17:

26 Delete "Sec. 19." and insert "Sec. 42." in its place.

27  
A48 Page 9, line 6:

29 Delete "Sec. 20." and insert "Sec. 43." in its place.

A4 Page 9, between lines 22 and 23, insert the following:

2 \* Sec. 44. AS 10.20.585(1) is amended to read:

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

A50 \* Sec. 45. AS 10.20.585 is amended by adding a new paragraph to read:

7 (6) the corporation fails, after change of an officer or  
8 director to file with the commissioner a statement of the change as  
9 required by this chapter.

A51 \* Sec. 46. AS 10.20.620 is amended to read:

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

A52 \* Sec. 47. AS 10.20.625 is amended to read:

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

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

22 (2) the address of the registered office of the corporation  
23 in the state, and the name of its registered agent in the state at  
24 that address, and, in the case of a foreign corporation, the address  
25 of its principal office in the state or country where it is incor-  
26 porated;

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

29 (4) the names and addresses of the directors and officers

1 of the corporation; [.]

2 (5) the real and personal property assets of the corpora-  
3 tion. [;]

4 [(6) THE NAME AND ADDRESS OF A PERSON OWNING AT LEAST FIVE  
5 PER CENT OF THE SHARES, OR FIVE PER CENT OF ANY CLASS OF SHARES, AND  
6 THE PERCENTAGE OF THE SHARES OR CLASS OF SHARES OWNED BY THAT PERSON.]

A 53 \* Sec. 48. AS 10.20.630(a) is amended to read:

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

A 54 \* Sec. 49. AS 10.20.630 is amended by adding a new subsection to read:

26 (b) The first biennial report for corporations required to file  
27 in even-numbered years must be filed before September 2, 1980, and is  
28 delinquent if not filed before October 1, 1980. The information  
29 contained in the first biennial report shall be given as of June 30,

1 1980. The first biennial report for corporations required to file in  
2 odd-numbered years must be filed before July 2, 1981. For the year  
3 1980, those corporations required to file in odd-numbered years must,  
4 in the event of a change of an officer or director as of June 30,  
5 1980, file a notice of change as required by this chapter before  
6 September 2, 1980.

7 <sup>AS5</sup> \* Sec. 50. AS 10.20 is amended by adding a new section to read:

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

9 (a) In the event of any change of an officer or director during the  
10 year following the filing of the biennial report, the corporation must  
11 file a notice of change amending that report before July 2 of that  
12 year.

13 (b) The notice must be filed in the office of the commissioner  
14 and must state the name and current address of any director or officer  
15 not stated in the corporation's last filed biennial report, and the  
16 name of the person replaced and the office held. The notice must be  
17 signed by an officer of the corporation.  
18

19 <sup>AS6</sup> Page 9, line 23:

20 Delete "Sec. 21." and insert "Sec. 51." in its place.  
21

22 <sup>AS7</sup> Page 10, line 24:

23 Delete "an annual" and insert "a biennial [AN ANNUAL]" in its place.  
24

25 <sup>AS8</sup> Page 10, line 26:

26 Delete the word "annual".  
27

28 <sup>AS9</sup> Page 11, line 1:

29 Delete "Sec. 22." and insert "Sec. 52." in its place.

AB Page 11, between lines 7 and 8, insert the following:

2 \* Sec. 53. AS 10.20.645(a) is amended to read:

3 (a) A domestic or foreign corporation that fails or refuses to  
4 file its biennial [ANNUAL] report for any required reporting period  
5 [YEAR] within the time prescribed by this chapter is subject to a  
6 penalty of \$5 to be assessed by the commissioner.  
7

AB Page 11, line 8:

9 Delete "Sec. 23." and insert "Sec. 54." in its place.  
10

AB Page 11, line 22:

12 Delete the word "annual".  
13

AB Page 11, line 26:

15 Delete "Sec. 24." and insert "Sec. 56." in its place.  
16

AB Page 12, line 4:

18 Delete "Sec. 25." and insert "Sec. 57." in its place.  
19.

AB Page 12, between lines 12 and 13, insert the following:

21 \* Sec. 58. AS 10.40.105 is amended to read:

22 Sec. 10.40.105. BIENNIAL [ANNUAL] REPORT. A corporation formed  
23 under this chapter shall file a biennial [AN ANNUAL] report with the  
24 commissioner of commerce and economic development setting out the real  
25 and personal property assets of the corporation.  
26

AB Page 12, line 13:

28 Delete "Sec. 26." and insert "Sec. 59." in its place.  
29

16 Page 12, line 17:

2 Delete "Sec. 27." and insert "Sec. 60." in its place.

3  
16 Page 12, line 17:

4 Delete "1979" and add "1980."  
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THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

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.						
TOTAL	20.0	0	0	0	0	0

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND	20.0					
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
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)

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 \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Commerce & Economic Development

Program Category Affected Public Protection

Budget Request Unit(s) Affected Banking and Securities

EXPENDITURES (Thousands of Dollars)

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

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER (Specify)	-0-	-0-	-0-	-0-	-0-	-0-

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)

No fiscal impact

IV. DATE March 30, 1979

PREPARED BY Julius J. Brecht  
AGENCY Division of Banking & Securities  
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Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)