ANCSA Basics

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December, 2011
The Alaska Native Claims Settlement Act (ANCSA)

- Became law December 18, 1971
- Provided title to 44 million acres of land to Alaska Natives
- Provided $962 million as a cash settlement for the lands.
- Created corporations to distribute money and manage the land for roughly 80,000 Alaska Natives
  - State laws generally govern how corporations are run
- Alaska Natives alive on December 18, 1971 were eligible to become shareholders in the corporations created by ANCSA
  - “Alaska Native” defined as a person with ¼ or more Alaska Native blood
ANCSA

• Created 13 regional corporations
  – Some hold sub-surface rights to village corporation lands
  – Each regional corporation shares 70% of its profits from natural resource development (oil, mining, timber) with all other regional corporations
• Created more than 200 village corporations
  – hold surface rights to lands
• Special rules for ANCSA Corporations
  – Stock could not be sold or traded until December, 1991
  – Lands could not be taxed or sold until December, 1991
ANCSA – early issues

- Stock could be sold or transferred after December 1991.
  - Created risk that shareholders would sell stock to pay for basic needs
  - Corporations could be taken over by non-Native or out of State people or businesses.
- ANCSA corporate lands could be taxed or transferred after 1991
  - This exposed lands to risk they would be have to be sold to pay taxes
  - Lands could be sold if corporations failed.
- Natives born after December 18, 1971 could not receive ANCSA stock unless they inherited shares from someone who had died.
- Tribal Status remained unclear
“1991 Amendments” - Shareholders

- Congress changed ANCSA to eliminate dangers caused by the 1991 deadline.
- Restrictions on sale or transfer of stock will remain unless a majority of shareholders vote to lift the stock restrictions.
- Shareholders can now give shares to relatives while the shareholders are alive.
- Shareholders can vote to let Corporations issue new classes of stock for:
  - Natives born after Dec. 18, 1971
  - Natives who missed their chance to enroll
  - Native elders age 65 and older.
    - Each new shareholder can receive up to 100 shares total (can’t receive 200 shares as both an elder or missed enrollee)
    - Can offer shares to Natives born after Dec. 18, if they are children or grandchildren of the corporation’s original shareholders, even if less than one-quarter Native blood.
- Shareholders can vote to let Corporations buy back shares issued to non-Natives.
- Shareholders can vote to let Corporation establish a settlement trust.
Land Protections

• 1991 Amendments
  – Undeveloped lands protected from taxes, bad debts and adverse possession
  – Protections removed if lands are leased, pledged as security for loans or mortgages, or developed

• Developed land can be taxed
  – “Developed” means the land has been changed in some way by Natives or a Native Corporation to produce something that can make money.
  – Examples: logging, building a hotel, mining, subdividing the land so it can be sold.
  – Tax only applies to the amount of land actually developed

• Alaska National Interest Lands Conservation Act (ANILCA)
Adding classes of shareholders

• From 1988 to 2006, a Native Corporation could add a new class of shareholders if more than 2/3 of all shareholders voted yes to add that class.

• In 2006 Congress changed the law: A Native Corporation can add new classes of stock when a majority of the shareholders who vote in a corporate election vote yes to adding a new class.
  – Excludes corporations who have set a higher standard in their articles of incorporation.
## Who has added shareholder classes?

<table>
<thead>
<tr>
<th>Corporation</th>
<th>Type of Enrollment</th>
<th>No. of Shares</th>
<th>Age to receive shares</th>
<th>Limitations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ahtna</td>
<td>Perpetual</td>
<td>100</td>
<td>30 at birth&lt;br&gt;70 at 18 w/high school diploma/GED&lt;br&gt;70 at 21 if no degree</td>
<td>Life Estate</td>
</tr>
<tr>
<td>ASRC</td>
<td>Perpetual</td>
<td>100</td>
<td>At birth</td>
<td>Life Estate</td>
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<td>Doyon</td>
<td>Perpetual</td>
<td>100</td>
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<td>100</td>
<td>At 18</td>
<td>Life Estate</td>
</tr>
<tr>
<td>NANA</td>
<td>Perpetual</td>
<td>100</td>
<td>At birth</td>
<td>Life Estate</td>
</tr>
<tr>
<td>Napakiak</td>
<td>Limited</td>
<td>25</td>
<td>At 15</td>
<td>Life Estate. No voting or dividends&lt;br&gt;All new shares canceled if shareholder inherits or is gifted original stock</td>
</tr>
<tr>
<td>Olgoonik Corporation</td>
<td>Conveyed all stock in class</td>
<td>100</td>
<td>At birth</td>
<td>Life Estate</td>
</tr>
<tr>
<td>Quinhagak (Qanirtuuq)</td>
<td>Descendants born 12/19/71 – 12/31/93</td>
<td>100</td>
<td>At birth</td>
<td>Life Estate. New shares reduced by number of original shares received if shareholder inherits or is gifted original stock</td>
</tr>
<tr>
<td>The Kuskokwim Corp.</td>
<td>2,000 shareholders</td>
<td>100</td>
<td>At birth</td>
<td>Life Estate</td>
</tr>
<tr>
<td>Tyonek Native Corp.</td>
<td>Limited</td>
<td>100</td>
<td>10 at birth&lt;br&gt;90 at 18</td>
<td>Life Estate</td>
</tr>
</tbody>
</table>
Adding classes of shareholders: Procedure

• Corporation must amend its articles of incorporation to add a new class
  – Board of Directors must vote yes on amendment adding a new class of shareholders; or
  – Process can be started by shareholder petition
• 50-60 days written notice to shareholders
• Corporation sends out a proxy statement describing the proposal and consequences of the proposal
  – Must describe dilution of distributions, effect on voting power, stock value and shareholder benefits
  – Demographic study recommended to show effects of adding class of shareholders, potential size of class
  – Must describe costs of holding vote. For example: educational newsletters, shareholder surveys, expert fees for demographic study, administrative costs, legal fees, costs for meeting with shareholders and mailing and reviewing applications
• A majority of shareholders present at the meeting and/or sending in their proxy statements must vote yes on the resolution to add classes of shareholders
Adding classes of shareholders: Options

- Shares can be life estate/non-transferable
- Can issue less than 100 shares
- Can provide for cancelling shares if original stock is inherited
- Can set a different age for enrollment
- Can set different voting or dividend rights
- Can limit number of shareholders enrolled in the new class
Works Cited