

The AFN strongly endorses the regional corporation concept. The task force bill contained a number of provisions designed to strengthen the regional corporations even further through promotion of merger of villages into the appropriate regional corporations.

Following the State Act and the task force approach, the corporations are business corporations. While initially few, if any, will be able to pay dividends, eventually most or all will be able to and there is no good reason why this form of organization should not be used and there are many sound reasons for it. For example, the use of a membership corporation tends to encourage tribalism. The ownership of property, inherent in the business corporation form through stock ownership, tends to promote pride and independence. Of course there is a danger that some natives may foolishly sell their stock. So the Alaska State law does not permit the first holder of stock to sell his shares and subsequent holders must be Alaska Natives or descendants for 50 years.

If Congress finds these alienation provisions too restrictive, the AFN would be willing to have them modified.

While the maximum number of regional corporations has been set at 20, the number could be reduced to not more than 15. Reduction below this, however, creates difficult problems because of the wide diversity of races, tribes, languages and dialects found among Alaska's Natives. Some of Alaska's native people were at war with each other during the 19th century. While time is healing these wounds, language and cultural differences remain.

Some persons have objected to both the village corporation and the regional corporation concept on the ground that it will freeze the people to the land. This could happen but the task force, composed of native leaders, is concerned that it not happen and their formula is intended to prevent "freezing villages in history". This was a factor behind adoption of the business corporation form. It separates the property holding and management entity from the municipal entity which is free to incorporate under Alaska law. Benefits are not restricted on the basis of residency. The stockholders of the corporation are not tied to the land. Neither the village corporation nor the national corporation must restrict their activities to a geographical area. If opportunities for economic prosperity do not exist or are slender in a particular region, the regional corporation may conduct or invest in enterprises elsewhere within Alaska and with approval of the Commission, outside of Alaska.

Section 11.—The business corporations are not intended to be and shall not qualify for tax exemption under Section 501 of the Internal Revenue Code.

Section 12.—Reference to city and town is eliminated. Under state law native groups are based upon existing or historical native villages. The Secretary's proposal is ambiguous as to whether it is following this approach. If it intends to recognize urban native groups, it would seem difficult to extend to such groups the land grant provisions of the act. The task force preferred to require the urban native to enroll on the rolls of "his" village.

The reference to eligibility to vote has been changed in view of the other amendments of the elimination of the membership corporation approach.

Section 14(a).—The amendments are self-explanatory. Other witnesses will give the justification. The grant will be spread over 19 fiscal years instead of the five proposed by the Secretary in order to reduce the fiscal impact on the federal treasury of the increase in the grant to \$500 million.

Section 14(b).—The apportionment has been changed in accordance with our recommendation on regional corporations. The apportionment is based on a closed roll.

Section 16.—The Alaska Native Commission would be strengthened by the proposed amendments. While the AFN believes that the majority of the Commission should be native, since the Commission will be supervising the use and expenditure of private property of Alaska Natives, by this amendment we will accept a minimum guarantee of representation. The other amendments are designed to ensure the Commission's Alaskan orientation and independence.

Section 17.—We propose the amendment in order to make this section effective. As it now reads, it is unenforceable. Even with the amendment there may be difficulties in view of the history of applications for national forest land under Section 6(a) of the Alaska Statehood Act.

Section 18(b).—The attorneys for Alaska Native groups have fairly, for more than a year, advised their clients to seek a legislative settlement rather than a jurisdictional act so a suit could be brought before the Indian Claims Commission or the Court of Claims. If some Indian claims attorneys are suspected of postponing Indian claims cases in their own interests, such cannot be said of the