

House Subcommittee on Indian, Insular and Alaska Native Affairs

Don Young, Chairman

Hearing Memo

June 15, 2015

To: Natural Resources Committee Members

From: Majority Staff, Subcommittee on Indian, Insular, and Alaska Native Affairs

Subject: Legislative hearing on H.R. 2386 (Rep. Don Young), the “*Unrecognized Southeast Alaska Native Communities Recognition and Compensation Act*”

The Subcommittee will hold a Legislative Hearing on **Wednesday, June 17, 2015, at 11:00 a.m. in Room 1324 Longworth HOB** on H.R. 2386.

Summary of the Bill:

H.R. 2386, the “*Unrecognized Southeast Alaska Native Communities Recognition and Compensation Act*,” was introduced by Rep. Don Young on May 15, 2015. The bill would recognize five native communities¹ in Southeast Alaska under the Alaska Native Claims Settlement Act (ANCSA)², and authorize each to form an Urban Corporation. The bill also authorizes each newly formed Urban Corporation to receive certain settlement land pursuant to ANCSA.³

Cosponsors:

None.

Background:

The aboriginal land claims of Alaska Natives were settled in the Alaska Native Claims Settlement Act of 1971 (ANCSA). Under the unique settlement, approximately 44 million acres of public land (in fee simple title) and nearly \$1 billion were transferred to private corporations owned and organized by Alaska Natives. Such corporations are organized by village and by region within the State of Alaska, and the Act specifies the criteria that individuals, groups, and villages must meet in order to organize and own the corporations. ANCSA further provides the process for selecting, awarding, and distributing lands and funds to them. The land and compensation awarded to the Native corporations are intended to meet the social, economic, cultural and other needs of Alaska Natives.

¹ The Native communities of Haines, Ketchikan, Petersburg, Tenakee, and Wrangell were not recognized as part of the Alaska Native Claims Settlement Act of 1971.

² 43 U.S.C. 1617 et seq.

³ Native villages recognized under ANCSA received 1 township equaling 23,040 acres.

The land and monetary compensation were not awarded to tribes, clans, or families, but to eligible private corporations organized by Alaska Natives. There are generally two types of corporations: corporations organized by village and those organized according to 12 geographic regions. All Alaska Natives are shareholders of a regional corporation, but not all belong to a village corporation. The law also prescribes the process for selecting, awarding, and distributing lands and funds to qualified corporations.

Generally, Native communities in Alaska are qualified to form Native corporations only if recognized in ANCSA, or if they meet certain criteria. However, section 16 of ANCSA addresses Native communities in the Southeast region of the State separately. Section 16 lists twelve Native communities that may form corporations, ten of which are Native villages, and two of which are “urban” communities (Juneau and Sitka) that were historically Native, but no longer considered “villages.” Section 16 does not contain a process to determine whether an unrecognized community in Southeast Alaska is eligible to form a corporation.

Each community listed in Section 16 was awarded 23,040 acres of land around the core township; such property can be valuable for timber harvesting in addition to the social, cultural, subsistence and other benefits. Native residents of unrecognized communities in Southeast Alaska remain eligible to be at-large shareholders of Sealaska, the regional Native Corporation.

There are several reasons for the special consideration given to Southeast Alaska Native communities under ANCSA. One is that there was an earlier land claims settlement for them: the 1959 Tlingit-Haida Settlement, which awarded \$7.5 million, but no title to land, to tribes in Southeast Alaska. Another is that demographic and land ownership patterns in this area of Alaska are considerably different from the rest of the state.

Land Claims of Unrecognized Communities in Southeast Alaska

The Native villages of Haines, Ketchikan, Petersburg, Wrangell, and Tenakee, all located in Southeast Alaska, were not recognized under section 16 of ANCSA. After ANCSA was enacted, the Native residents of the five unrecognized communities appealed to the Secretary of Interior to be included in the ANCSA settlement. Administrative appeals and mechanisms pursuant to ANCSA, however were subsequently exhausted by the villages without success.

The five unrecognized communities continued to press the government for recognition and inclusion in ANCSA. In a response, Congress in 1993 directed the Secretary of Interior to examine why these five communities were unrecognized in ANCSA. The Institute of Social and Economic Research (University of Alaska Anchorage) was contracted to study the issue⁴, and in 1994 produced a report.⁵ The report notes that the omission of the [five] communities is not clearly explained in any provision of ANCSA or in the accompanying conference report.”

⁴ Three federal agencies—the Forest Service, the Bureau of Land Management, and the Bureau of Indian Affairs contracted the study to be completed.

⁵*A Study of Five Southeast Alaska Communities*. Institute of Social and Economic Research, University of Alaska Anchorage; Gorsuch, Lee; Colt, Steve; Smythe Consulting Services; Garber & Bazy, P.C. February 1994. <http://www.iser.uaa.alaska.edu/Publications/StudyOf5-SE-AK-Communities.pdf>

The purpose of H.R. 2386 is to correct the five Native communities' omission under ANCSA. The bill would allow enrolled members of the communities to form Urban Corporations under ANCSA and be eligible to receive settlement lands pursuant to ANCSA.

Section by Section Analysis of H.R. 2386

Section 1. Short Title. This Act may be cited as the “Unrecognized Southeast Alaska Native Communities Recognition and Compensation Act”.

Section 2. Findings and Purpose. Sets forth findings, including that in 1971, Congress enacted the Alaska Native Claims Settlement Act (43 U.S.C. 1601 et seq.) to recognize and settle the aboriginal claims of Natives to the land Alaska Natives had used for traditional purposes. Most Alaska Natives reside in communities that are eligible under that Act to form a Village or Urban Corporations. On the basis of the findings described in 1994 by the Institute of Social and Economic Research, University of Alaska Anchorage, Alaska Natives who were enrolled in the five unlisted communities and their heirs were inadvertently and wrongly denied the cultural and financial benefits of enrollment in Village or Urban Corporations established pursuant to that Act

The purpose of this Act is to redress the omission of the five unrecognized Native communities in Southeast Alaska by authorizing the formation of five Urban Corporations and for those five Urban Corporations to receive settlement land pursuant to ANCSA.

Section 3. Establishment of Additional Native Corporations. Section 3 amends Section 16 of ANCSA (43 U.S.C. 1615) by adding a new subsection which establishes that the Native residents of Haines, Ketchikan, Petersburg, Tenakee, and Wrangell, Alaska, may organize as Urban Corporations. There is no effect on any entitlements to land of any Native Corporation established before enactment of this section.

Section 4. Shareholder Eligibility. Section 4 amends section 8 of ANCSA (43 U.S.C. 1607) to establish that each individual Native who is enrolled to an Urban Corporation under this Act, and who was enrolled as a shareholder of the Southeast Regional Corporation before March 30, 1973 shall receive 100 shares of Settlement Common Stock in the respective Urban Corporation. The section further states that if a Native received stock in the Regional Corporation through an inheritance, he or she shall receive an identical number of shares of Common Stock in the Urban Corporation for the respective Native Villages.

Section 5. Distribution Rights. The Native members of the Native Villages of Haines, Ketchikan, Petersburg, Tenakee, and Wrangell who become shareholders in an Urban Corporation shall continue to be eligible to receive distributions as at-large shareholders of the Sealaska Regional Corporation pursuant to Section 7 of ANCSA.

Section 6. Compensation. Directs the Secretary in consultation and coordination with the Secretary of Commerce, representatives of each of the five Urban Corporations and the Regional Corporation, to offer land of 1 township of land (23,040 acres) to each of the newly created Urban Corporations.

The Secretary shall give preference to preference to land with commercial purposes and may land include subsistence and cultural sites, aquaculture sites, hydroelectric sites, tideland, surplus Federal property and eco-tourism sites.

The Secretary shall select land to be contiguous and reasonably compact if practicable.

After receipt of an offer by the Secretary, Urban Corporations have one year to either accept or reject an offer. If accepted, each Urban Corporation shall provide to the Secretary a properly executed and certified resolution stating the resolution was approved by a majority of the shareholders of an Urban Corporation.

If an Urban Corporation rejects an offer by the Secretary, the Secretary in consultation with the Urban Corporation and Regional Corporation shall revise the offer and the Urban Corporation shall have an additional 180 days after receipt to accept or reject a revised offer.

The five newly created Urban Corporations may establish a settlement trust in accordance with Section 39 of ANCSA to promote the health, education, and welfare of the trust beneficiaries, and preserving the Native heritage and culture of each Urban Corporation. Any proceeds and income from the trust shall first be applied to the support of those enrollees, and the descendants of the enrollees, who are elders or minor children.

Witnesses:

Mr. Mike Black, Director
Bureau of Indian Affairs
U.S. Department of the Interior
Washington, D.C.

Mr. Leo Barlow, Board Member
Southeast Alaska Native Landless Corporation
Juneau, AK

Ramseyer Report

The Alaska Native Claims Settlement Act⁶ as amended by H.R. 2386, the Unrecognized Southeast Alaska Native Communities Recognition and Compensation Act.

§1615. Withdrawal and selection of public lands; funds in lieu of acreage

(a) Withdrawal of public lands; list of Native villages

All public lands in each township that encloses all or any part of a Native village listed below, and in each township that is contiguous to or corners on such township, except lands withdrawn or reserved for national defense purposes, are hereby withdrawn, subject to valid existing rights, from all forms of appropriation under the public land laws, including the mining and mineral leasing laws, and from selection under the Alaska Statehood Act, as amended:

Angoon, Southeast.
Craig, Southeast.
Hoonah, Southeast.
Hydaburg, Southeast.
Kake, Southeast.
Kasaan, Southeast.
Klawock, Southeast.
Saxman, Southeast.
Yakutat, Southeast.

(b) Native land selections; Village Corporations for listed Native villages; acreage; proximity of selections; conformity to Lands Survey System

During a period of three years from December 18, 1971, each Village Corporation for the villages listed in subsection (a) of this section shall select, in accordance with rules established by the Secretary, an area equal to 23,040 acres, which must include the township or townships in which all or part of the Native village is located, plus, to the extent necessary, withdrawn lands from the townships that are contiguous to or corner on such townships. All selections shall be contiguous and in reasonably compact tracts, except as separated by bodies of water, and shall conform as nearly as practicable to the United States Lands Survey System.

(c) Tlingit-Haida settlement

The funds appropriated by the Act of July 9, 1968 (82 Stat. 307), to pay the judgment of the Court of Claims in the case of The Tlingit and Haida Indians of Alaska, et al. against The United States, numbered 47,900, and distributed to the Tlingit and Haida Indians pursuant to

⁶ 43 U.S.C. 1601 et seq.

the Act of July 13, 1970 (84 Stat. 431), are in lieu of the additional acreage to be conveyed to qualified villages listed in section 1610 of this title.

(d) Withdrawal of lands for selection for village of Klukwan; benefits under this chapter; existing entitlements; forest reserves; quitclaims to Chilkat Indian Village; location, character, and value of lands to be withdrawn; withdrawal and selection periods; nonwithdrawal of lands selected or nominated for selection by other Native Corporation or located on Admiralty Island

(1) The Secretary is authorized and directed to withdraw seventy thousand acres of public lands, as defined in section 1602 of this title, in order that the Village Corporation for the village of Klukwan may select twenty-three thousand and forty acres of land. Such Corporation and the shareholders thereof shall otherwise participate fully in the benefits provided by this chapter to the same extent as they would have participated had they not elected to acquire title to their former reserve as provided by section 1618(b) of this title: *Provided*, That nothing in this subsection shall affect the existing entitlement of any Regional Corporation to lands pursuant to section 1613(h)(8) of this title: *Provided further*, That no such lands shall be withdrawn from an area previously withdrawn as a forest reserve without prior consultation with the Secretary of Agriculture: *Provided further*, That the foregoing provisions of this subsection shall not become effective unless and until the Village Corporation for the village of Klukwan shall quitclaim to Chilkat Indian Village, organized under the provisions of the Act of June 18, 1934 (48 Stat. 984), as amended by the Act of May 1, 1936 (49 Stat. 1250), all its right, title, and interest in the lands of the reservation defined in and vested by the Act of September 2, 1957 (71 Stat. 596), which lands are hereby conveyed and confirmed to said Chilkat Indian Village in fee simple absolute, free of trust and all restrictions upon alienation, encumbrance, or otherwise: *Provided further*, That the United States and the Village Corporation for the village of Klukwan shall also quitclaim to said Chilkat Indian Village any right or interest they may have in and to income derived from the reservation lands defined in and vested by the Act of September 2, 1957, after December 18, 1971, and prior to January 2, 1976.

(2) The lands withdrawn by the Secretary pursuant to paragraph (1) of this subsection shall be located in the southeastern Alaska region and shall be of similar character and comparable value, to the extent possible, to those of the Chilkat Valley surrounding the village of Klukwan. Such withdrawal shall be made within six months of October 4, 1976, and the Village Corporation for the village of Klukwan shall select, within one year from the time that the withdrawal is made, and be conveyed, twenty-three thousand and forty acres. None of the lands withdrawn by the Secretary for selection by the Village Corporation for the village of Klukwan shall have been selected by, or be subject to an outstanding nomination for selection by, any other Native Corporation organized pursuant to this chapter, or located on Admiralty Island.

(e) Native Villages of Haines, Ketchikan, Petersburg, Tenakee, and Wrangell, Alaska-

(1) IN GENERAL- The Native residents of each of the Native Villages of Haines, Ketchikan, Petersburg, Tenakee, and Wrangell, Alaska, may organize as Urban Corporations.

(2) EFFECT ON ENTITLEMENT TO LAND- Nothing in this subsection affects any entitlement to land of any Native Corporation established before the date of enactment of this subsection pursuant to this Act or any other provision of law.

§1607. Village Corporations

(a) Organization of Corporation prerequisite to receipt of patent to lands or benefits under chapter

The Native residents of each Native village entitled to receive lands and benefits under this chapter shall organize as a business for profit or nonprofit corporation under the laws of the State before the Native village may receive patent to lands or benefits under this chapter, except as otherwise provided.

(b) Regional Corporation: approval of initial articles; review and approval of amendments to articles and annual budgets; assistance in preparation of articles and other documents

The initial articles of incorporation for each Village Corporation shall be subject to the approval of the Regional Corporation for the region in which the village is located. Amendments to the articles of incorporation and the annual budgets of the Village Corporations shall, for a period of five years, be subject to review and approval by the Regional Corporation. The Regional Corporation shall assist and advise Native villages in the preparation of articles of incorporation and other documents necessary to meet the requirements of this subsection.

(c) Applicability of section 1606

The provisions of subsections (g), (h) (other than paragraph (4)), and (o) of section 1606 of this title shall apply in all respects to Village Corporations, Urban Corporations, and Group Corporations.

(d) Native Villages of Haines, Ketchikan, Petersburg, Tenakee, and Wrangell-

(1) IN GENERAL- The Secretary shall enroll to each of the Urban Corporations for Haines, Ketchikan, Petersburg, Tenakee, or Wrangell those individual Natives who enrolled under this Act to the Native Villages of Haines, Ketchikan, Petersburg, Tenakee, or Wrangell, respectively.

(2) NUMBER OF SHARES- Each Native who is enrolled to an Urban Corporation for Haines, Ketchikan, Petersburg, Tenakee, or Wrangell pursuant to paragraph (1) and who was enrolled as a shareholder of the Regional Corporation for Southeast Alaska on or before March 30, 1973, shall receive 100 shares of Settlement Common Stock in the respective Urban Corporation.

(3) NATIVES RECEIVING SHARES THROUGH INHERITANCE- If a Native received shares of stock in the Regional Corporation for Southeast Alaska through inheritance from a decedent Native who originally enrolled to the Native Village of Haines, Ketchikan, Petersburg, Tenakee, or Wrangell and the decedent Native was not a shareholder in a Village or Urban Corporation, the Native shall receive the identical number of shares of Settlement Common Stock in the Urban Corporation for Haines, Ketchikan, Petersburg, Tenakee, or Wrangell as the number of shares inherited by that Native from the decedent Native who would have been eligible to be enrolled to the respective Urban Corporation.

(4) EFFECT ON ENTITLEMENT TO LAND- Nothing in this subsection affects entitlement to land of any Regional Corporation pursuant to section 12(b) or 14(h)(8).

§1606. Regional Corporations

(a) Division of Alaska into twelve geographic regions; common heritage and common interest of region; area of region commensurate with operations of Native association; boundary disputes, arbitration

For purposes of this chapter, the State of Alaska shall be divided by the Secretary within one year after December 18, 1971, into twelve geographic regions, with each region composed as far as practicable of Natives having a common heritage and sharing common interests. In the absence of good cause shown to the contrary, such regions shall approximate the areas covered by the operations of the following existing Native associations:

- (1) Arctic Slope Native Association (Barrow, Point Hope);
- (2) Bering Straits Association (Seward Peninsula, Unalakleet, Saint Lawrence Island);
- (3) Northwest Alaska Native Association (Kotzebue);
- (4) Association of Village Council Presidents (southwest coast, all villages in the Bethel area, including all villages on the Lower Yukon River and the Lower Kuskokwim River);
- (5) Tanana Chiefs' Conference (Koyukuk, Middle and Upper Yukon Rivers, Upper Kuskokwim, Tanana River);
- (6) Cook Inlet Association (Kenai, Tyonek, Eklutna, Iliamna);
- (7) Bristol Bay Native Association (Dillingham, Upper Alaska Peninsula);
- (8) Aleut League (Aleutian Islands, Pribilof Islands and that part of the Alaska Peninsula which is in the Aleut League);
- (9) Chugach Native Association (Cordova, Tatitlek, Port Graham, English Bay, Valdez, and Seward);

- (10) Tlingit-Haida Central Council (southeastern Alaska, including Metlakatla);
- (11) Kodiak Area Native Association (all villages on and around Kodiak Island); and
- (12) Copper River Native Association (Copper Center, Glennallen, Chitina, Mentasta).

Any dispute over the boundaries of a region or regions shall be resolved by a board of arbitrators consisting of one person selected by each of the Native associations involved, and an additional one or two persons, whichever is needed to make an odd number of arbitrators, such additional person or persons to be selected by the arbitrators selected by the Native associations involved.

(b) Region mergers; limitation

The Secretary may, on request made within one year of December 18, 1971, by representative and responsible leaders of the Native associations listed in subsection (a) of this section, merge two or more of the twelve regions: *Provided*, That the twelve regions may not be reduced to less than seven, and there may be no fewer than seven Regional Corporations.

(c) Establishment of thirteenth region for nonresident Natives; majority vote; Regional Corporation for thirteenth region

If a majority of all eligible Natives eighteen years of age or older who are not permanent residents of Alaska elect, pursuant to section 1604(c) of this title, to be enrolled in a thirteenth region for Natives who are non-residents of Alaska, the Secretary shall establish such a region for the benefit of the Natives who elected to be enrolled therein, and they may establish a Regional Corporation pursuant to this chapter.

(d) Incorporation; business for profit; eligibility for benefits; provisions in articles for carrying out chapter

Five incorporators within each region, named by the Native association in the region, shall incorporate under the laws of Alaska a Regional Corporation to conduct business for profit, which shall be eligible for the benefits of this chapter so long as it is organized and functions in accordance with this chapter. The articles of incorporation shall include provisions necessary to carry out the terms of this chapter.

(e) Original articles and bylaws: approval by Secretary prior to filing, submission for approval; amendments to articles: approval by Secretary; withholding approval in event of creation of inequities among Native individuals or groups

The original articles of incorporation and bylaws shall be approved by the Secretary before they are filed, and they shall be submitted for approval within eighteen months after December 18, 1971. The articles of incorporation may not be amended during the Regional Corporation's first five years without the approval of the Secretary. The Secretary may withhold approval under this section if in his judgment inequities among Native individuals or groups of Native individuals would be created.

(f) Board of directors; management; stockholders; provisions in articles or bylaws for number, term, and method of election

The management of the Regional Corporation shall be vested in a board of directors, all of whom, with the exception of the initial board, shall be stockholders over the age of eighteen. The number, terms, and method of election of members of the board of directors shall be fixed in the articles of incorporation or bylaws of the Regional Corporation.

(g) Issuance of stock

(1) Settlement Common Stock

(A) The Regional Corporation shall be authorized to issue such number of shares of Settlement Common Stock (divided into such classes as may be specified in the articles of incorporation to reflect the provisions of this chapter) as may be needed to issue one hundred shares of stock to each Native enrolled in the region pursuant to section 1604 of this title.

(B)(i) A Regional Corporation may amend its articles of incorporation to authorize the issuance of additional shares of Settlement Common Stock to-

(I) Natives born after December 18, 1971, and, at the further option of the Corporation, descendants of Natives born after December 18, 1971,

(II) Natives who were eligible for enrollment pursuant to section 1604 of this title but were not so enrolled, or

(III) Natives who have attained the age of 65, for no consideration or for such consideration and upon such terms and conditions as may be specified in such amendment or in a resolution approved by the board of directors pursuant to authority expressly vested in the board by the amendment. The amendment to the articles of incorporation may specify which class of Settlement Common Stock shall be issued to the various groups of Natives.

(ii) Not more than one hundred shares of Settlement Common Stock shall be issued to any one individual pursuant to clause (i).

(iii) Conditions on certain stock.-

(I) In general.-An amendment under clause (i) may provide that Settlement Common Stock issued to a Native pursuant to the amendment (or stock issued in exchange for that Settlement Common Stock pursuant to subsection (h)(3) or section 1626(c)(3)(D) of this title) shall be subject to 1 or more of the conditions described in subclause (II).

(II) Conditions.-A condition referred to in subclause (I) is a condition that-

(aa) the stock described in that subclause shall be deemed to be canceled on the death of the Native to whom the stock is issued, and no compensation for the cancellation shall be paid to the estate of the deceased Native or any person holding the stock;

(bb) the stock shall carry limited or no voting rights; and

(cc) the stock shall not be transferred by gift under subsection (h)(1)(C)(iii).

(iv) Settlement Common Stock issued pursuant to clause (i) shall not carry rights to share in distributions made to shareholders pursuant to subsections (j) and (m) of this section unless, prior to the issuance of such stock, a majority of the class of existing holders of Settlement Common Stock carrying such rights separately approve the granting of such rights. The articles of incorporation of the Regional Corporation shall be deemed to be amended to authorize such class vote.

(C)(i) A Regional Corporation may amend its articles of incorporation to authorize the issuance of additional shares of Settlement Common Stock as a dividend or other distribution (without regard to surplus of the corporation under the laws of the State) upon each outstanding share of Settlement Common Stock issued pursuant to subparagraphs (A) and (B).

(ii) The amendment authorized by clause (i) may provide that shares of Settlement Common Stock issued as a dividend or other distribution shall constitute a separate class of stock with greater per share voting power than Settlement Common Stock issued pursuant to subparagraphs (A) and (B).

(2) Other forms of stock

(A) A Regional Corporation may amend its articles of incorporation to authorize the issuance of shares of stock other than Settlement Common Stock in accordance with the provisions of this paragraph. Such amendment may provide that-

(i) preemptive rights of shareholders under the laws of the State shall not apply to the issuance of such shares, or

(ii) issuance of such shares shall permanently preclude the corporation from-

(I) conveying assets to a Settlement Trust, or

(II) issuing shares of stock without adequate consideration as required under the laws of the State.

(B) The amendment authorized by subparagraph (A) may provide that the stock to be issued shall be one or more of the following-

(i) divided into classes and series within classes, with preferences, limitations, and relative rights, including, without limitation-

(I) dividend rights,

(II) voting rights, and

(III) liquidation preferences;

(ii) made subject to one or more of-

(I) the restrictions on alienation described in clauses (i), (ii), and (iv) of subsection (h)(1)(B) of this section, and

(II) the restriction described in paragraph (1)(B)(iii); and

(iii) restricted in issuance to-

(I) Natives who have attained the age of sixty-five;

(II) other identifiable groups of Natives or identifiable groups of descendants of Natives defined in terms of general applicability and not in any way by reference to place of residence or family;

(III) Settlement Trusts; or

(IV) entities established for the sole benefit of Natives or descendants of Natives, in which the classes of beneficiaries are defined in terms of general applicability and not in any way by reference to place of residence, family, or position as an officer, director, or employee of a Native Corporation.

(C) The amendment authorized by subparagraph (A) shall provide that the additional shares of stock shall be issued-

(i) as a dividend or other distribution (without regard to surplus of the corporation under the laws of the State) upon all outstanding shares of stock of any class or series, or

(ii) for such consideration as may be permitted by law (except that this requirement may be waived with respect to issuance of stock to the individuals or entities described in subparagraph (B)(iii)).

(D) During any period in which alienability restrictions are in effect, no stock whose issuance is authorized by subparagraph (A) shall be-

(i) issued to, or for the benefit of, a group of individuals composed only or principally of employees, officers, and directors of the corporation; or

(ii) issued more than thirteen months after the date on which the vote of the shareholders on the amendment authorizing the issuance of such stock occurred if, as a result of the issuance, the outstanding shares of Settlement Common Stock will represent less than a majority of the total voting power of the corporation for the purpose of electing directors.

(3) Disclosure requirements

(A) An amendment to the articles of incorporation of a Regional Corporation authorized by paragraph (2) shall specify-

- (i) the maximum number of shares of any class or series of stock that may be issued, and
- (ii) the maximum number of votes that may be held by such shares.

(B)(i) If the board of directors of a Regional Corporation intends to propose an amendment pursuant to paragraph (2) which would authorize the issuance of classes or series of stock that, singly or in combination, could cause the outstanding shares of Settlement Common Stock to represent less than a majority of the total voting power of the corporation for the purposes of electing directors, the shareholders of such corporation shall be expressly so informed.

(ii) Such information shall be transmitted to the shareholders in a separate disclosure statement or in another informational document in writing or in recorded sound form both in English and any Native language used by a shareholder of such corporation. Such statement or informational document shall be transmitted to the shareholders at least sixty days prior to the date on which such proposal is to be submitted for a vote.

(iii) If not later than thirty days after issuance of such disclosure statement or informational document the board of directors receives a prepared concise statement setting forth arguments in opposition to the proposed amendment together with a request for distribution thereof signed by the holders of at least 10 per centum of the outstanding shares of Settlement Common Stock, the board shall either distribute such statement to the shareholders or provide to the requesting shareholders a list of all shareholder's names and addresses so that the requesting shareholders may distribute such statement.

(4) Savings

(A)(i) No shares of stock issued pursuant to paragraphs (1)(C) and (2) shall carry rights to share in distributions made to shareholders pursuant to subsections (j) and (m) of this section. No shares of stock issued pursuant to paragraph (1)(B) shall carry such rights unless authorized pursuant to paragraph (1)(B)(iv).

(ii) Notwithstanding the issuance of additional shares of stock pursuant to paragraphs (1)(B), (1)(C), or (2), a Regional Corporation shall apply the ratio last computed pursuant to subsection (m) of this section prior to February 3, 1988, for purposes of distributing funds pursuant to subsections (j) and (m) of this section.

(B) The issuance of additional shares of stock pursuant to paragraphs (1)(B), (1)(C), or (2) shall not affect the division and distribution of revenues pursuant to subsection (i) of this section.

(C) No provision of this chapter shall limit the right of a Regional Corporation to take an action authorized by the laws of the State unless such action is inconsistent with the provisions of this chapter.

(h) Settlement Common Stock

(1) Rights and restrictions

(A) Except as otherwise expressly provided in this chapter, Settlement Common Stock of a Regional Corporation shall-

- (i) carry a right to vote in elections for the board of directors and on such other questions as properly may be presented to shareholders;
- (ii) permit the holder to receive dividends or other distributions from the corporation; and
- (iii) vest in the holder all rights of a shareholder in a business corporation organized under the laws of the State.

(B) Except as otherwise provided in this subsection, Settlement Common Stock, inchoate rights thereto, and rights to dividends or distributions declared with respect thereto shall not be-

- (i) sold;
- (ii) pledged;
- (iii) subjected to a lien or judgment execution;
- (iv) assigned in present or future;
- (v) treated as an asset under-
 - (I) title 11 or any successor statute,
 - (II) any other insolvency or moratorium law, or
 - (III) other laws generally affecting creditors' rights; or
- (vi) otherwise alienated.

(C) Notwithstanding the restrictions set forth in subparagraph (B), Settlement Common Stock may be transferred to a Native or a descendant of a Native-

- (i) pursuant to a court decree of separation, divorce, or child support;
- (ii) by a holder who is a member of a professional organization, association, or board that limits his or her ability to practice his or her profession because he or she holds Settlement Common Stock; or
- (iii) as an inter vivos gift from a holder to his or her child, grandchild, great-grandchild, niece, nephew, or (if the holder has reached the age of majority as defined by the laws of the State of Alaska) brother or sister, notwithstanding an adoption, relinquishment, or termination of parental rights that may have altered or severed the legal relationship between the gift donor and recipient.

(2) Inheritance of Settlement Common Stock

(A) Upon the death of a holder of Settlement Common Stock, ownership of such stock (unless canceled in accordance with subsection (g)(1)(B)(iii) of this section) shall be transferred in accordance with the lawful will of such holder or pursuant to applicable laws of intestate succession. If the holder fails to dispose of his or her stock by will and has no heirs under applicable laws of intestate succession, the stock shall escheat to the issuing Regional Corporation and be canceled.

(B) The issuing Regional Corporation shall have the right to purchase at fair value Settlement Common Stock transferred pursuant to applicable laws of intestate succession to a person not a Native or a descendant of a Native after February 3, 1988, if-

(i) the corporation-

(I) amends its articles of incorporation to authorize such purchases, and

(II) gives the person receiving such stock written notice of its intent to purchase within ninety days after the date that the corporation either determines the decedent's heirs in accordance with the laws of the State or receives notice that such heirs have been determined, whichever later occurs; and

(ii) the person receiving such stock fails to transfer the stock pursuant to paragraph (1)(C)(iii) within sixty days after receiving such written notice.

(C) Settlement Common Stock of a Regional Corporation-

(i) transferred by will or pursuant to applicable laws of intestate succession after February 3, 1988, or

(ii) transferred by any means prior to February 3, 1988, to a person not a Native or a descendant of a Native shall not carry voting rights. If at a later date such stock is lawfully transferred to a Native or a descendant of a Native, voting rights shall be automatically restored.

(3) Replacement Common Stock

(A) On the date on which alienability restrictions terminate in accordance with the provisions of [section 1629c](#) of this title, all Settlement Common Stock previously issued by a Regional Corporation shall be deemed canceled, and shares of Replacement Common Stock of the appropriate class shall be issued to each shareholder, share for share, subject only to subparagraph (B) and to such restrictions consistent with this chapter as may be provided by the articles of incorporation of the corporation or in agreements between the corporation and individual shareholders.

(B)(i) Replacement Common Stock issued in exchange for Settlement Common Stock issued subject to the restriction authorized by subsection (g)(1)(B)(iii) of this section shall

bear a legend indicating that the stock will eventually be canceled in accordance with the requirements of that subsection.

(ii) Prior to the termination of alienability restrictions, the board of directors of the corporation shall approve a resolution to provide that each share of Settlement Common Stock carrying the right to share in distributions made to shareholders pursuant to subsections (j) and (m) of this section shall be exchanged either for-

(I) a share of Replacement Common Stock that carries such right, or

(II) a share of Replacement Common Stock that does not carry such right together with a separate, non-voting security that represents only such right.

(iii) Replacement Common Stock issued in exchange for a class of Settlement Common Stock carrying greater per share voting power than Settlement Common Stock issued pursuant to subsections (g)(1)(A) and (g)(1)(B) of this section shall carry such voting power and be subject to such other terms as may be provided in the amendment to the articles of incorporation authorizing the issuance of such class of Settlement Common Stock.

(C) The articles of incorporation of the Regional Corporation shall be deemed amended to authorize the issuance of Replacement Common Stock and the security described in subparagraph (B)(ii)(II).

(D) Prior to the date on which alienability restrictions terminate, a Regional Corporation may amend its articles of incorporation to impose upon Replacement Common Stock one or more of the following-

(i) a restriction denying voting rights to any holder of Replacement Common Stock who is not a Native or a descendant of a Native;

(ii) a restriction granting the Regional Corporation, or the Regional Corporation and members of the shareholder's immediate family who are Natives or descendants of Natives, the first right to purchase, on reasonable terms, the Replacement Common Stock of the shareholder prior to the sale or transfer of such stock (other than a transfer by will or intestate succession) to any other party, including a transfer in satisfaction of a lien, writ of attachment, judgment execution, pledge, or other encumbrance; and

(iii) any other term, restriction, limitation, or provision authorized by the laws of the State.

(E) Replacement Common Stock shall not be subjected to a lien or judgment execution based upon any asserted or unasserted legal obligation of the original recipient arising prior to the issuance of such stock.

(4) Purchase of settlement common stock of Cook Inlet Region

(A) As used in this paragraph, the term "Cook Inlet Regional Corporation" means Cook Inlet Region, Incorporated.

(B) The Cook Inlet Regional Corporation may, by an amendment to its articles of incorporation made in accordance with the voting standards under [section 1629b\(d\)\(1\) of this title](#), purchase Settlement Common Stock of the Cook Inlet Regional Corporation and all rights associated with the stock from the shareholders of Cook Inlet Regional Corporation in accordance with any provisions included in the amendment that relate to the terms, procedures, number of offers to purchase, and timing of offers to purchase.

(C) Subject to subparagraph (D), and notwithstanding paragraph (1)(B), the shareholders of Cook Inlet Regional Corporation may, in accordance with an amendment made pursuant to subparagraph (B), sell the Settlement Common Stock of the Cook Inlet Regional Corporation to itself.

(D) No sale or purchase may be made pursuant to this paragraph without the prior approval of the board of directors of Cook Inlet Regional Corporation. Except as provided in subparagraph (E), each sale and purchase made under this paragraph shall be made pursuant to an offer made on the same terms to all holders of Settlement Common Stock of the Cook Inlet Regional Corporation.

(E) To recognize the different rights that accrue to any class or series of shares of Settlement Common Stock owned by stockholders who are not residents of a Native village (referred to in this paragraph as "non-village shares"), an amendment made pursuant to subparagraph (B) shall authorize the board of directors (at the option of the board) to offer to purchase-

(i) the non-village shares, including the right to share in distributions made to shareholders pursuant to subsections (j) and (m) of this section (referred to in this paragraph as "nonresident distribution rights"), at a price that includes a premium, in addition to the amount that is offered for the purchase of other village shares of Settlement Common Stock of the Cook Inlet Regional Corporation, that reflects the value of the nonresident distribution rights; or

(ii) non-village shares without the nonresident distribution rights associated with the shares.

(F) Any shareholder who accepts an offer made by the board of directors pursuant to subparagraph (E)(ii) shall receive, with respect to each non-village share sold by the shareholder to the Cook Inlet Regional Corporation-

(i) the consideration for a share of Settlement Common Stock offered to shareholders of village shares; and

(ii) a security for only the nonresident rights that attach to such share that does not have attached voting rights (referred to in this paragraph as a "non-voting security").

(G) An amendment made pursuant to subparagraph (B) shall authorize the issuance of a non-voting security that-

(i) shall, for purposes of subsections (j) and (m) of this section, be treated as a non-village share with respect to-

(I) computing distributions under such subsections; and

(II) entitling the holder of the share to the proportional share of the distributions made under such subsections;

(ii) may be sold to Cook Inlet Region, Inc.; and

(iii) shall otherwise be subject to the restrictions under paragraph (1)(B).

(H) Any shares of Settlement Common Stock purchased pursuant to this paragraph shall be canceled on the conditions that-

(i) non-village shares with the nonresident rights that attach to such shares that are purchased pursuant to this paragraph shall be considered to be-

(I) outstanding shares; and

(II) for the purposes of subsection (m) of this section, shares of stock registered on the books of the Cook Inlet Regional Corporation in the names of nonresidents of villages;

(ii) any amount of funds that would be distributable with respect to non-village shares or non-voting securities pursuant to subsection (j) or (m) of this section shall be distributed by Cook Inlet Regional Corporation to itself; and

(iii) village shares that are purchased pursuant to this paragraph shall be considered to be

(I) outstanding shares, and

(II) for the purposes of subsection (k) of this section shares of stock registered on the books of the Cook Inlet Regional Corporation in the names of the residents of villages.

(I) Any offer to purchase Settlement Common Stock made pursuant to this paragraph shall exclude from the offer-

(i) any share of Settlement Common Stock held, at the time the offer is made, by an officer (including a member of the board of directors) of Cook Inlet Regional Corporation or a member of the immediate family of the officer; and

(ii) any share of Settlement Common Stock held by any custodian, guardian, trustee, or attorney representing a shareholder of Cook Inlet Regional Corporation in fact or law, or any other similar person, entity, or representative.

(J)(i) The board of directors of Cook Inlet Regional Corporation, in determining the terms of an offer to purchase made under this paragraph, including the amount of any premium paid with respect to a non-village share, may rely upon the good faith opinion of a recognized firm of investment bankers or valuation experts.

(ii) Neither Cook Inlet Regional Corporation nor a member of the board of directors or officers of Cook Inlet Regional Corporation shall be liable for damages resulting from terms made in an offer made in connection with any purchase of Settlement Common Stock if the offer was made-

(I) in good faith;

(II) in reliance on a determination made pursuant to clause (i); and

(III) otherwise in accordance with this paragraph.

(K) The consideration given for the purchase of Settlement Common Stock made pursuant to an offer to purchase that provides for such consideration may be in the form of cash, securities, or a combination of cash and securities, as determined by the board of directors of Cook Inlet Regional Corporation, in a manner consistent with an amendment made pursuant to subparagraph (B).

(L) Sale of Settlement Common Stock in accordance with this paragraph shall not diminish a shareholder's status as an Alaska Native or descendant of a Native for the purpose of qualifying for those programs, benefits and services or other rights or privileges set out for the benefit of Alaska Natives and Native Americans. Proceeds from the sale of Settlement Common Stock shall not be excluded in determining eligibility for any needs-based programs that may be provided by Federal, State or local agencies.

(i) Certain natural resource revenues; distribution among twelve Regional Corporations; computation of amount; subsection inapplicable to thirteenth Regional Corporation; exclusion from revenues

(1)(A) Except as provided by subparagraph (B), 70 percent of all revenues received by each Regional Corporation from the timber resources and subsurface estate patented to it pursuant to this chapter shall be divided annually by the Regional Corporation among all twelve Regional Corporations organized pursuant to this section according to the number of Natives enrolled in each region pursuant to [section 1604 of this title](#). The provisions of this subsection shall not apply to the thirteenth Regional Corporation if organized pursuant to subsection (c) hereof.

(B) In the case of the sale, disposition, or other use of common varieties of sand, gravel, stone, pumice, peat, clay, or cinder resources made during a fiscal year ending after October 31, 1998, the revenues received by a Regional Corporation shall not be subject to division under subparagraph (A). Nothing in this subparagraph is intended to or shall be construed to alter the ownership of such sand, gravel, stone, pumice, peat, clay, or cinder resources.

(2) For purposes of this subsection, the term "revenues" does not include any benefit received or realized for the use of losses incurred or credits earned by a Regional Corporation.

(j) Corporate funds and other net income, distribution among: stockholders of Regional Corporations; Village Corporations and nonresident stockholders; and stockholders of thirteenth Regional Corporation

During Distribution of Corporate Funds and Other Net Income-

(1) IN GENERAL- During the five years following December 18, 1971, ~~not less~~

(2) MINIMUM ALLOCATION- Not less than 10% of all corporate funds received by each of the twelve Regional Corporations under section 1605 of this title (Alaska Native Fund), and under subsection (i) of this section (revenues from the timber resources and subsurface estate patented to it pursuant to this chapter), and all other net income, shall be distributed among the stockholders of the twelve Regional Corporations. Not less than 45% of funds from such sources during the first five-year period, and 50% thereafter, shall be distributed among the Village Corporations in the region and the class of stockholders who are not residents of those villages, as provided in subsection to it. ~~In the case~~

(3) THIRTEENTH REGIONAL CORPORATION- In the case of the thirteenth Regional Corporation, if organized, not less than 50% of all corporate funds received under section 1605 of this title shall be distributed to the stockholders.

(4) NATIVE VILLAGES OF HAINES, KETCHIKAN, PETERSBURG, TENAKEE, AND WRANGELL- Native members of the Native Villages of Haines, Ketchikan, Petersburg, Tenakee, and Wrangell who become shareholders in an Urban Corporation for such a Native Village shall continue to be eligible to receive distributions under this subsection as at-large shareholders of the Regional Corporation for Southeast Alaska.

(k) Distributions among Village Corporations; computation of amount

Funds distributed among the Village Corporations shall be divided among them according to the ratio that the number of shares of stock registered on the books of the Regional Corporation in the names of residents of each village bears to the number of shares of stock registered in the names of residents in all villages.

(l) Distributions to Village Corporations; village plan: withholding funds until submission of plan for use of money; joint ventures and joint financing of projects; disagreements, arbitration of issues as provided in articles of Regional Corporation

Funds distributed to a Village Corporation may be withheld until the village has submitted a plan for the use of the money that is satisfactory to the Regional Corporation. The Regional Corporation may require a village plan to provide for joint ventures with other villages, and for joint financing of projects undertaken by the Regional Corporation that will benefit the region generally. In the event of disagreement over the provisions of the plan, the issues in disagreement shall be submitted to arbitration, as shall be provided for in the articles of incorporation of the Regional Corporation.

(m) Distributions among Village Corporations in a region; computation of dividends for nonresidents of village; financing regional projects with equitably withheld dividends and Village Corporation funds

When funds are distributed among Village Corporations in a region, an amount computed as follows shall be distributed as dividends to the class of stockholders who are not residents of those villages: The amount distributed as dividends shall bear the same ratio to the amount distributed among the Village Corporations that the number of shares of stock registered on the books of the Regional Corporation in the names of nonresidents of villages bears to the number of shares of stock registered in the names of village residents: *Provided*, That an equitable portion of the amount distributed as dividends may be withheld and combined with Village Corporation funds to finance projects that will benefit the region generally.

(n) Projects for Village Corporations

The Regional Corporation may undertake on behalf of one or more of the Village Corporations in the region any project authorized and financed by them.

(o) Annual audit; place; availability of papers, things, or property to auditors to facilitate audits; verification of transactions; report to stockholders

The accounts of the Regional Corporation shall be audited annually in accordance with generally accepted auditing standards by independent certified public accountants or independent licensed public accountants, certified or licensed by a regulatory authority of the State or the United States. The audits shall be conducted at the place or places where the accounts of the Regional Corporation are normally kept. All books, accounts, financial records, reports, files, and other papers, things, or property belonging to or in use by the Regional Corporation and necessary to facilitate the audits shall be available to the person or persons conducting the audits; and full facilities for verifying transactions with the balances or securities held by depositories, fiscal agent, and custodians shall be afforded to such person or persons. Each audit report or a fair and reasonably detailed summary thereof shall be transmitted to each stockholder.

(p) Federal-State conflict of laws

In the event of any conflict between the provisions of this section and the laws of the State of Alaska, the provisions of this section shall prevail.

(q) Business management group; investment services contracts

Two or more Regional Corporations may contract with the same business management group for investment services and advice regarding the investment of corporate funds.

(r) Benefits for shareholders or immediate families

The authority of a Native Corporation to provide benefits to its shareholders who are Natives or descendants of Natives or to its shareholders' immediate family members who are Natives or descendants of Natives to promote the health, education, or welfare of such shareholders or family members is expressly authorized and confirmed. Eligibility for such benefits need not be based on share ownership in the Native Corporation and such benefits may be provided on a basis other than pro rata based on share ownership.

(s) Effect of Amendatory Act- The Unrecognized Southeast Alaska Native Communities Recognition and Compensation Act and the amendments made by that Act shall not affect--

(1) the ratio for determination of revenue distribution among Native Corporations under this section; or

(2) the settlement agreement among Regional Corporation or Village Corporations or other provisions of subsection (i) or (j).

§1601. Congressional findings and declaration of policy

Congress finds and declares that-

(a) there is an immediate need for a fair and just settlement of all claims by Natives and Native groups of Alaska, based on aboriginal land claims;

(b) the settlement should be accomplished rapidly, with certainty, in conformity with the real economic and social needs of Natives, without litigation, with maximum participation by Natives in decisions affecting their rights and property, without establishing any permanent racially defined institutions, rights, privileges, or obligations, without creating a reservation system or lengthy wardship or trusteeship, and without adding to the categories of property and institutions enjoying special tax privileges or to the legislation establishing special relationships between the United States Government and the State of Alaska;

(c) no provision of this chapter shall replace or diminish any right, privilege, or obligation of Natives as citizens of the United States or of Alaska, or relieve, replace, or diminish any obligation of the United States or of the State or Alaska to protect and promote the rights or welfare of Natives as citizens of the United States or of Alaska; the Secretary is authorized and directed, together with other appropriate agencies of the United States Government, to make a study of all Federal programs primarily designed to benefit Native people and to report back to the Congress with his recommendations for the future management and operation of these programs within three years of December 18, 1971;

(d) no provision of this chapter shall constitute a precedent for reopening, renegotiating, or legislating upon any past settlement involving land claims or other matters with any Native organizations, or any tribe, band, or identifiable group of American Indians;

(e) no provision of this chapter shall effect a change or changes in the petroleum reserve policy reflected in sections 7421 through 7438 of title 10 except as specifically provided in this chapter;

(f) no provision of this chapter shall be construed to constitute a jurisdictional act, to confer jurisdiction to sue, nor to grant implied consent to Natives to sue the United States or any of its officers with respect to the claims extinguished by the operation of this chapter; and

(g) no provision of this chapter shall be construed to terminate or otherwise curtail the activities of the Economic Development Administration or other Federal agencies conducting loan or loan and grant programs in Alaska. For this purpose only, the terms "Indian reservation" and "trust or restricted Indian-owned land areas" in Public Law 89-136, the Public Works and Economic Development Act of 1965, as amended, shall be interpreted to include lands granted to Natives under this chapter as long as such lands remain in the ownership of the Native villages or the Regional Corporations.

SEC. 43. URBAN CORPORATIONS FOR HAINES, KETCHIKAN, PETERSBURG, TENAKEE, AND WRANGELL.

(a) Offer of Compensation-

(1) IN GENERAL- On incorporation of the Urban Corporations for Haines, Ketchikan, Petersburg, Tenakee, and Wrangell, the Secretary, in consultation and coordination with the Secretary of Commerce, and in consultation with representatives of each such Urban Corporation and the Regional Corporation for Southeast Alaska, shall offer as compensation, pursuant to this Act, 1 township of land (23,040 acres) to each of the Urban Corporations for Haines, Ketchikan, Petersburg, Tenakee, and Wrangell, in accordance with this subsection.

(2) LOCAL AREAS OF HISTORICAL, CULTURAL, TRADITIONAL, AND ECONOMIC IMPORTANCE-

(A) IN GENERAL- The Secretary shall offer as compensation under this subsection local areas of historical, cultural, traditional, and economic importance to Alaska Natives from the Villages of Haines, Ketchikan, Petersburg, Tenakee, or Wrangell.

(B) SELECTION OF LAND- In selecting the land to be withdrawn and conveyed pursuant to this section, the Secretary—

(i) shall give preference to land with commercial purposes; and

(ii) may include subsistence and cultural sites, aquaculture sites, hydroelectric sites, tideland, surplus Federal property and eco-tourism sites.

(C) CONTIGUOUS, COMPACT SITES- The land selected pursuant to this section shall be contiguous and reasonably compact tracts if practicable.

(D) VALID EXISTING RIGHTS- The land selected pursuant to this section shall be subject to all valid existing rights and all other provisions of section 14(g), including any lease, contract, permit, right-of-way, or easement (including a lease issued under section 6(g) of the Act of July 7, 1958 (commonly known as the `Alaska Statehood Act') (48 U.S.C. note prec. 21; Public Law 85-508)).

(b) Acceptance or Rejection of Offer—

(1) IN GENERAL- Not later than 1 year after the date of the offer of compensation from the Secretary under subsection (a), each of the Urban Corporations for Haines, Ketchikan, Petersburg, Tenakee, and Wrangell shall accept or reject the offer.

(2) RESOLUTION- To accept or reject the offer, each such Urban Corporation shall provide to the Secretary a properly executed and certified corporate resolution that states that the offer proposed by the Secretary was voted on, and either approved or rejected, by a majority of the shareholders of the Urban Corporation.

(3) REJECTION OF OFFER- If the offer is rejected—

(A) the Secretary, in consultation with representatives of the Urban Corporation that rejected the offer and the Regional Corporation for Southeast Alaska, shall revise the offer; and

(B) the Urban Corporation shall have an additional 180 days within which to accept or reject the revised offer.

(c) Withdrawal and Conveyance of Land and Title- Not later than 180 days after receipt of a corporate resolution of an Urban Corporation approving an offer of the Secretary under subsection (b)(1), the Secretary shall (as appropriate)—

(1) withdraw the land;

(2) convey to the Urban Corporation title to the surface estate of the land; and

(3) convey to the Regional Corporation for Southeast Alaska title the subsurface estate for the land.

(d) Conveyance of Roads, Trails, Log Transfer Facilities, Leases, and Appurtenances- The Secretary shall, without consideration of compensation, convey to the Urban Corporations of Haines, Ketchikan, Petersburg, Tenakee, and Wrangell, by quitclaim deed or patent, all right, title, and interest of the United States in all roads, trails, log transfer facilities, leases, and appurtenances on or related to the land conveyed to the Corporations pursuant to subsection (c).

(e) Settlement Trust-

(1) IN GENERAL- The Urban Corporations of Haines, Ketchikan, Petersburg, Tenakee, and Wrangell may establish a settlement trust in accordance with section 39 for the purposes of promoting the health, education, and welfare of the trust beneficiaries, and preserving the Native heritage and culture, of the communities of Haines, Ketchikan, Petersburg, Tenakee, and Wrangell, respectively.

(2) PROCEEDS AND INCOME- The proceeds and income from the principal of a trust established under paragraph (1) shall—

(A) first be applied to the support of those enrollees, and the descendants of the enrollees, who are elders or minor children; and

(B) then to the support of all other enrollees.