HOUSE BILL NO. 525

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE BY REQUEST

Introduced: 2/21/96
Referred: Finance

A BILL

FOR AN ACT ENTITLED

"An Act designating certain permissible investments by the Alaska Permanent Fund Corporation in taxable municipal or state debt securities and corporate debt securities; changing the allocation limits on domestic and nondomestic government and corporate securities, nondomestic corporate promissory notes, domestic and nondomestic corporate stocks, and taxable government debt securities; and providing for an effective date."

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

* Section 1. AS 37.13.120(g)(7) is amended to read:
  (7) domestic corporate debt securities that are rated investment grade [A OR BETTER] by a nationally recognized rating service, or nondomestic corporate debt securities of comparable quality;

* Sec. 2. AS 37.13.120(g)(19) is amended to read:
  (19) taxable municipal or state debt securities that are rated investment
grade [A OR BETTER] by a nationally recognized rating service;

* Sec. 3. AS 37.13.120(i) is amended to read:

(i) The fund may at no time own more than five percent of the voting stock
of a corporation. Domestic stocks, except for bank and insurance company stocks,
must be listed at the date of purchase on an exchange registered with the Securities
and Exchange Commission. At the time of each investment, the aggregate investment
of the fund in each stated category of investment may not exceed the following stated
percentage of the total investments of the fund:

1. mortgages under (g)(13) of this section - 15 percent;
2. real estate investments under (g)(16) of this section - 15 percent;
3. certificates of deposit, term deposit, or bankers’ acceptances under
   (g)(15) of this section - 20 percent;
4. domestic and nondomestic corporate stocks under (g)(14) and (18) of this section [,, AND
   SHORT-TERM NONDOMESTIC CORPORATE PROMISSORY NOTES UNDER
   (g)(8)(B) OF THIS SECTION] - 50 percent [;
5. DOMESTIC CORPORATE DEBT SECURITIES THAT ARE
   RATED A AND NONDOMESTIC CORPORATE DEBT SECURITIES OF
   COMPARABLE QUALITY UNDER (g)(7) OF THIS SECTION, AND TAXABLE
   MUNICIPAL OR STATE DEBT SECURITIES THAT ARE RATED A UNDER
   (g)(19) OF THIS SECTION - FIVE PERCENT].

* Sec. 4. AS 37.13.120 is amended by adding a new subsection to read:

(o) For purposes of (g) of this section, “investment grade” means a Standard
& Poor’s Corporation rating BBB or better, or Moody’s Investors Service, Inc., rating
of Baa or better, including a rating with a “+” or “-” designation or other variations
that occur within these ratings, or a comparable rating by another nationally recognized
rating organization.

* Sec. 5. This Act takes effect immediately under AS 01.10.070(c).