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Glover
1/26/18

CS FOR HOUSE BILL NO. 213()

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTIETH LEGISLATURE - SECOND SESSION

BY

**Offered:
Referred:**

Sponsor(s): REPRESENTATIVE PARISH

A BILL

FOR AN ACT ENTITLED

"An Act relating to the investment, appropriation, and administration of the public school trust fund; and providing for an effective date."

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

*** Section 1.** AS 37.14.110(c) is amended to read:

(c) The commissioner of revenue shall determine the net income of the fund in accordance with investment accounting principles [AND IN A MANNER THAT PRESERVES THE DISTINCTION BETWEEN PRINCIPAL AND INCOME AND THAT EXCLUDES CAPITAL GAINS OR LOSSES REALIZED ON PRINCIPAL]. The principal of the fund [AND THE CAPITAL GAINS OR LOSSES REALIZED ON PRINCIPAL] shall be perpetually retained in the fund for investment purposes.

*** Sec. 2.** AS 37.14.160 is amended to read:

Sec. 37.14.160. Duties of the commissioner of revenue. The commissioner of revenue is the treasurer of the trust fund created in AS 37.14.110 and shall

(1) in carrying out investment duties under this section, exercise the

same powers and duties established for the Alaska Retirement Management Board in AS 37.10.220;

(2) deposit the principal and income from investments in separate principal and income accounts for the fund;

(3) invest and maintain accounting records that distinguish between the principal and income of the fund;

(4) provide reports to the board established under AS 37.14.120 on the condition and investment performance of the fund;

(5) determine, on July 1 of each year, the monthly average market value of the fund for the five fiscal years preceding the previous fiscal year.

* **Sec. 3.** AS 37.14 is amended by adding a new section to read:

Sec. 37.14.165. Use of the public school trust fund. Each year, the legislature may appropriate 4.75 percent of the amount determined by the commissioner of revenue under AS 37.14.160(5) for the following purposes:

(1) funding support of the state public school program; and

(2) reimbursement of the costs of administration of the fund.

* **Sec. 4.** AS 37.14.170 is amended to read:

Sec. 37.14.170. Investments. The commissioner of revenue is the fiduciary of the trust fund and shall invest the fund to provide increasing **returns from capital appreciation and** net income over long-term periods to the fund's **current** [INCOME] beneficiaries. The commissioner may invest the money in the fund on the basis of probable total rate of return to promote the long-term generation of **capital appreciation and** income. In managing the trust fund, the commissioner shall

(1) consider the status of the fund's capital and the income generated on both a current and a probable future basis;

(2) determine the appropriate investment objectives;

(3) establish investment policies to achieve the objectives; and

(4) act only in regard to the financial interests of the fund's beneficiaries.

* **Sec. 5.** AS 37.14.140 is repealed.

* **Sec. 6.** This Act takes effect immediately under AS 01.10.070(c).