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Wallace  
4/18/18

**SENATE CS FOR CS FOR HOUSE BILL NO. 213(FIN)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**THIRTIETH LEGISLATURE - SECOND SESSION**

**BY THE SENATE FINANCE COMMITTEE**

**Offered:**

**Referred:**

**Sponsor(s): REPRESENTATIVES PARISH, Guttentberg, Gara, Drummond, Josephson, Tuck**

**A BILL**

**FOR AN ACT ENTITLED**

**"An Act relating to the investment, appropriation, and administration of the public school trust fund."**

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

**\* Section 1.** AS 37.10.071(d) is ended to read:

(d) In exercising investment, custodial, or depository powers or duties under this section, the fiduciary or the fiduciary's designee is liable for a breach of a duty that is assigned or delegated under this section, or under AS 14.40.255, 14.40.280(c), 14.40.400(b), AS 37.10.070, AS 37.14.160 [AS 37.14.110(c), 37.14.160], or 37.14.170. However, the fiduciary or the designee is not liable for a breach of a duty that has been delegated to another person if the delegation is prudent under the applicable standard of prudence set out in statute or if the duty is assigned by law to another person, except to the extent that the fiduciary or designee

(1) knowingly participates in, or knowingly undertakes to conceal, an act or omission of another person knowing that the act or omission is a breach of that

person's duties under this chapter;

(2) by failure to comply with this section in the administration of specific responsibilities, enables another person to commit a breach of duty; or

(3) has knowledge of a breach of duty by another person, unless the fiduciary or designee makes reasonable efforts under the circumstances to remedy the breach.

\* **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 into [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 not more than five 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

1 basis of probable total rate of return to promote the long-term generation of **capital**  
2 **appreciation and** income. In managing the trust fund, the commissioner shall

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

5 (2) determine the appropriate investment objectives;

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

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

9 \* **Sec. 5.** AS 37.14.110(c) and 37.14.140 are repealed.