

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

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

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

8 * **Section 1.** AS 37.13.120(g)(7) is amended to read:

9 (7) domestic corporate debt securities that are rated investment grade
10 [A OR BETTER] by a nationally recognized rating service, or nondomestic corporate
11 debt securities of comparable quality;

12 * **Sec. 2.** AS 37.13.120(g)(19) is amended to read:

13 (19) taxable municipal or state debt securities that are rated investment

1 **grade** [A OR BETTER] by a nationally recognized rating service;

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

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

9 (1) mortgages under (g)(13) of this section - 15 percent;

10 (2) real estate investments under (g)(16) of this section - 15 percent;

11 (3) certificates of deposit, term deposit, or bankers' acceptances under
12 (g)(15) of this section - 20 percent;

13 (4) [SECURITIES OF NONDOMESTIC GOVERNMENTS,
14 NONDOMESTIC GOVERNMENT AGENCIES, AND NONDOMESTIC
15 CORPORATIONS UNDER (g)(7), (17), AND (18) OF THIS SECTION,] domestic
16 **and nondomestic** corporate stocks under (g)(14) **and (18)** of this section [, AND
17 SHORT-TERM NONDOMESTIC CORPORATE PROMISSORY NOTES UNDER
18 (g)(8)(B) OF THIS SECTION] - 50 percent [;

19 (5) DOMESTIC CORPORATE DEBT SECURITIES THAT ARE
20 RATED A AND NONDOMESTIC CORPORATE DEBT SECURITIES OF
21 COMPARABLE QUALITY UNDER (g)(7) OF THIS SECTION, AND TAXABLE
22 MUNICIPAL OR STATE DEBT SECURITIES THAT ARE RATED A UNDER
23 (g)(19) OF THIS SECTION - FIVE PERCENT].

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

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

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