

Alaska State Legislature



Representative Justin Parish

HB 213 Sectional Analysis

House Bill version 30-LS0765\N.A

Public School Trust Fund

Section 1. (page 1, line 4): Amends AS 37.10.071(d) to reflect the repeal of AS 37.14.110(c) in section 5 of the bill. Current AS 37.14.110(c) maintains the distinction between principal and income, and the purpose of this bill is to convert the public school trust fund to an endowment fund structure that does not require maintaining the distinction between principal and income.

Section 2. (page, line 7): AS 37.14.160 is amended to add section 5 to the duties to direct the commissioner to determine the average monthly balance for the public school trust fund based on the monthly average market value of the fund for the five years preceding the previous fiscal year.

Section 3. (page 2, line 21-26): Adds new section, AS 37.14.165 relating to the use of the public school trust fund allowing the legislature to appropriate 4.75% of the amount determined by the commissioner under new AS 37.14.160 (enacted by section 2 of the bill). Appropriations must be for the purpose of funding support for state public schools or for reimbursing the costs of administration of the fund.

Section 4. (page 2, line 27 – page 3, line 8): AS 37.14.170 is amended to focus the investment of the trust fund on increasing returns from capital appreciation as opposed to increasing net income from the generation of cash dividends and interest. This permits the commissioner to invest for long term capital appreciation by adjusting the asset allocation of the trust fund to weight it more heavily to equities as opposed to cash-generating fixed income securities.

Section 5. (page 3, line 9): AS 37.14.110(c) and AS 37.14.140 are repealed. AS 37.14.110(c) is discussed above at section 1. Current AS 37.14.140 provides for expenditure of net income only. This is replaced by AS 37.14.165 (section 3 of the bill), which permits expenditure of 4.75% of the average market value of the fund.