



ALASKA STATE LEGISLATURE

HOUSE LABOR & COMMERCE COMMITTEE

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Sponsor Statement

House Bill 416

" An Act adopting and relating to the Uniform Prudent Management of Institutional Funds Act; relating to the investment of money for charitable purposes by institutions, including governmental institutions; and relating to the University of Alaska"

House Bill 416 would allow the State of Alaska to adopt the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

UPMIFA replaces obsolete rules and concepts of investment and management of endowments and charitable funds currently in use. It provides current, industry best practices guidelines, essential to proper management.

HB 416 is will help administrators fulfill their fiduciary responsibilities to the funds they manage. Clear definitions on prudent practices and applicable standards are laid out for administrators of charitable funds and endowments.

The UPMIFA will assist nonprofits and volunteer trustees to minimize exposure to disputes and legal challenges over issues related to currently unclear administrative rules and practices.

Traditional trust principles regarding the distribution of what might otherwise be considered the corpus differ from the UPMIFA. In conjunction with Financial Accounting Standards Board requirements, UPMIFA allows advances against future earnings to the extent such advances are prudent and consistent with the mission and purpose of the endowment.

At present, only 3 other states have not adopted or introduced UPMIFA legislation.

I urge your support of House Bill 416.