

# Fiscal Note

State of Alaska  
2022 Legislative Session

Bill Version: HB 396  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB396-DOR-APFC-3-14-22  
Title: DIVEST INVESTMENTS IN RUSSIAN ENTITIES  
Sponsor: STATE AFFAIRS  
Requester: (H) STATE AFFAIRS

Department: Department of Revenue  
Appropriation: Alaska Permanent Fund Corporation  
Allocation: APFC Operations  
OMB Component Number: 109

## Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2023	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2023 Request	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
<b>OPERATING EXPENDITURES</b>	<b>FY 2023</b>	<b>FY 2023</b>					
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Fund Source (Operating Only)

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Positions

Full-time							
Part-time							
Temporary							

## Change in Revenues

None	***		***	***	***	***	***
<b>Total</b>	***	<b>0.0</b>	***	***	***	***	***

**Estimated SUPPLEMENTAL (FY2022) cost:** 0.0 *(separate supplemental appropriation required)*

**Estimated CAPITAL (FY2023) cost:** 0.0 *(separate capital appropriation required)*

**Does the bill create or modify a new fund or account?** No  
*(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)*

## ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
If yes, by what date are the regulations to be adopted, amended or repealed? N/A

## Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

Prepared By: Sara Race, Director of Business Operations	Phone: (907)500-8501
Division: Alaska Permanent Fund Corporation	Date: 03/14/2022 09:30 AM
Approved By: Valerie Mertz, Acting Executive Director	Date: 03/14/22
Agency: Alaska Permanent Fund Corporation	

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2022 LEGISLATIVE SESSION

BILL NO. HB 396

**Analysis**

This legislation directs the divestment of specified Russian Holdings for all state funds subject to Alaska Statutes Title 37.

Divestment requirement includes all Russian Sovereign Debt and all entities identified by Office of Foreign Assets Control (OFAC) as being owned or operated by the Government of Russia.

After the entity is identified as a Russian entity under this bill:

- Divestment must occur within 90 days of being identified;
- For externally managed assets, the fiduciary shall direct the investment manager not to invest in and to divest from an identified Russian entity within 90 days; and
- Commingled investments or index funds are exempt from divestment requirements but require the Commissioner to issue a letter encouraging these exempt investments/funds to consider divestment.

Provides for the indemnification of the Commissioner and fiduciaries for their good faith compliance with these divestment directives.

The fiscal impact of the bill is indeterminate.

The valuation of APFC's Russian holdings is speculative given inconsistent market pricing, the continued closure of the Moscow stock exchange, and illiquidity due to applicable regulatory sanctions.