



LAWS OF ALASKA

1980

Source

FCCSSB 315

Chapter No.

122

AN ACT

Relating to the investment of state funds and to bank charges for cashing state checks or warrants; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1, LINE 10

UNDERLINED MATERIAL INDICATES TEXT THAT IS BEING ADDED TO THE LAW AND BRACKETED MATERIAL IN CAPITAL LETTERS INDICATES DELETIONS FROM THE LAW; COMPLETELY NEW TEXT OR MATERIAL REPEALED AND RE-ENACTED IS IDENTIFIED IN THE INTRODUCTORY LINE OF EACH BILL SECTION.

Approved by the Governor: June 30, 1980
Actual Effective Date: July 1, 1980 except for section 11
which takes effect September 28, 1980.

AN ACT

Relating to the investment of state funds and to bank charges for cashing state checks or warrants; and providing for an effective date.

* Section 1. AS 14.25.180(b) is amended to read:

(b) When, in the opinion of the commissioner of administration, there is on hand in the retirement fund a surplus over and above a reasonably safe amount to take care of current demands upon the fund, the surplus or so much of it as in the judgment of the commissioner of administration is considered proper may be invested at competitive national market rates by the commissioner of revenue in

[(1) BONDS OR OTHER INTEREST-BEARING OBLIGATIONS AND SECURITIES OF THE UNITED STATES OR AN AGENCY OF THE UNITED STATES, A STATE OF THE UNITED STATES, OR A POLITICAL SUBDIVISION OF ANY STATE OF THE UNITED STATES, IF THE POLITICAL SUBDIVISION HAS A POPULATION AS SHOWN BY THE LAST FEDERAL CENSUS PRECEDING THE INVESTMENT OF NO LESS THAN 30,000 INHABITANTS, EXCEPT NO POPULATION LIMITATION APPLIES TO A POLITICAL SUBDIVISION OF THIS STATE;

(2) FIRST LIEN REAL ESTATE MORTGAGE SECURITIES INSURED BY THE FEDERAL HOUSING ADMINISTRATION UNDER THE NATIONAL HOUSING ACT OF THE UNITED STATES, OR HELD BY THE DEPARTMENT OF COMMERCE, OR THE DEPARTMENT OF NATURAL RESOURCES;

(3) CORPORATION BONDS, AND PREFERRED AND COMMON STOCKS AS THE COMMISSIONER OF REVENUE CONSIDERS PROPER INVESTMENTS FOR THE FUNDS;]

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1 (4) shares of federally chartered savings and loan associa-
2 tions in Alaska, to the extent that the investment is insured by the
3 federal government or by an agency of the federal government;

4 (5) deposits with mutual savings banks in Alaska, to the
5 extent that the investment is insured by the federal government or an
6 agency of the federal government;

7 (6) deposits with state and national banks in Alaska to the
8 extent that the investment is insured by the federal government or an
9 agency of the federal government;

10 [(7) LOANS GUARANTEED BY THE DIVISION OF VETERANS' AFFAIRS
11 UNDER AS 26.15.040(b);]

12 (8) (deleted);

13 (9) the guaranteed portion of Small Business Administration
14 loans;

15 (10) first lien real estate mortgages guaranteed by the federal
16 Veterans Administration;

17 (11) notes secured by mortgages of commercial or residential
18 buildings [REAL ESTATE OR OTHER SECURITY] if the mortgages are insured
19 by a private mortgage insurance corporation which is authorized to do
20 business in Alaska and has combined capital, surplus and reserves aggregating
21 at least \$20,000,000; however,

22 (A) no mortgage insurance is necessary for commercial
23 loans having loan-to-value ratios of less than 50 percent and the
24 minimum coverage of other commercial loans shall be 10 percent for
25 those having a loan-to-value ratio of 50-60 percent and 15 percent
26 for those having a loan-to-value ratio greater than 60 percent but
27 no more than 75 percent, and

28 (B) no mortgage insurance is necessary for residential
29 loans having a loan-to-value ratio of less than 70 percent and the

1 minimum coverage of other residential loans shall be 10 percent for
2 those having a loan-to-value ratio greater than 70 percent but less
3 than 90 percent and 20 percent for those having a loan-to-value
4 ratio of 90 percent;

5 (12) conventional residential mortgages if the originating
6 financial institution retains at least 25 percent of the mortgage for a
7 minimum of two years;

8 (13) notes secured by mortgages of commercial buildings [REAL
9 ESTATE] if the originating financial institution retains at least 25
10 percent of the mortgage until maturity;

11 (14) FHA guaranteed portion of business and industrial loans
12 made under the Rural Development Act of 1972;

13 [(15) GUARANTEED PORTION OF LOANS MADE UNDER THE FEDERAL SHIP
14 FINANCING ACT OF 1972. NO MORE THAN 25 PERCENT OF THE SURPLUS MAY BE
15 INVESTED IN MORTGAGE SECURITIES OF THE DEPARTMENT OF COMMERCE, AND THE
16 STATE SHALL APPROPRIATE SUFFICIENT MONEY FROM THE GENERAL FUND TO REIM-
17 BURSE THE TEACHERS' RETIREMENT SYSTEM FOR ANY LOSSES INCURRED AS A
18 RESULT OF FAILURE OF THE OBLIGORS TO PAY ON THE NOTES. NO MORE THAN
19 \$400,000 OF THE SURPLUS MAY BE INVESTED ANNUALLY IN THE MORTGAGE SECURI-
20 TIES OF THE DEPARTMENT OF NATURAL RESOURCES, AND THE STATE SHALL APPRO-
21 PRIATE SUFFICIENT MONEY FROM THE GENERAL FUND TO REIMBURSE THE TEACHERS'
22 RETIREMENT SYSTEM FOR ANY LOSSES INCURRED AS A RESULT OF FAILURE OF THE
23 OBLIGORS TO PAY ON THE NOTES;

24 (16) BONDS, DEBENTURES, NOTES, OR OTHER OBLIGATIONS ISSUED,
25 GUARANTEED, OR ASSUMED AS TO BOTH PRINCIPAL AND INTEREST BY THE GOVERN-
26 MENT OF THE DOMINION OF CANADA, OR BY ANY PROVINCE OF CANADA, OR BY ANY
27 MUNICIPALITY OF CANADA WHICH HAS A POPULATION OF NOT LESS THAN 150,000,
28 IF (A) THE FULL FAITH AND CREDIT OF THE ISSUER, GUARANTOR, OR ASSUMER OF
29 THE BONDS, DEBENTURES, NOTES, OR OTHER OBLIGATIONS IS PLEDGED FOR THE

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1 PAYMENT OF PRINCIPAL AND INTEREST ON THEM, (B) THE PRINCIPAL AND INTEREST
2 ON THEM IS PAYABLE IN UNITED STATES CURRENCY, EITHER UNCONDITIONALLY OR
3 AT THE OPTION OF THE HOLDER, AND (C) THESE OBLIGATIONS ARE RATED A OR AN
4 EQUIVALENT QUALITY BY A NATIONALLY RECOGNIZED RATING ORGANIZATION;]

5 (17) bankers' acceptances which are eligible for discount at
6 the Federal Reserve Bank and [NEGOTIABLE TIME] certificates of deposit
7 issued by United States domestic [COMMERCIAL] banks which are members of
8 the Federal Deposit Insurance Corporation if a generally recognized
9 secondary market exists for the certificates of deposit;

10 (18) obligations of, or obligations insured by or guaranteed
11 by, the United States or agencies or instrumentalities of the United
12 States;

13 (19) obligations secured by reserves paid in by the United
14 States or agencies or instrumentalities of the United States or obliga-
15 tions of corporations in which the United States is a shareholder or
16 member;

17 (20) corporate debt securities with a minimum rating of "A" or
18 an equivalent rating by a nationally recognized rating organization;

19 (21) preferred and common stock of companies which have paid
20 dividends in each of the three years immediately preceding the invest-
21 ment;

22 (22) commercial paper bearing the highest rating of a nation-
23 ally recognized rating organization;

24 (23) securities of foreign governments, foreign governmental
25 agencies, and foreign corporations the principal, interest or dividends
26 on which are payable in either United States dollars or foreign curren-
27 cies; however, investments under this paragraph may not exceed 10 per-
28 cent of the total investments of the retirement fund;

29 (24) foreign time deposits of both United States-owned and

1 foreign-owned banks and trust companies denominated in either United
2 States dollars or foreign currencies; however, investments under this
3 paragraph may not exceed 20 percent of the total investments of the re-
4 retirement fund;

5 (25) gold bullion certified as to fineness of at least 99-1/2
6 percent; however, investments under this paragraph may not exceed 10
7 percent of the total investments of the retirement fund; the commis-
8 sioner of revenue shall purchase gold bullion produced in Alaska to the
9 extent that Alaska gold bullion is available if it can be obtained at a
10 price comparable to out-of-state sources.

11 * Sec. 2. AS 14.25.180(c) is amended to read:

12 (c) In making investments the commissioner of revenue shall exer-
13 cise the judgment and care under the circumstances then prevailing which
14 an institutional investor [MEN] of ordinary prudence, discretion, and
15 intelligence exercises [EXERCISE] in the management of large investments
16 entrusted to it [THEIR OWN AFFAIRS] not in regard to speculation but in
17 regard to the permanent disposition of [THEIR] funds, considering [THE]
18 probable safety of capital as well as probable income [THEREFROM AS WELL
19 AS THE PROBABLE SAFETY OF THEIR CAPITAL]. However, no more than 50
20 percent of the retirement fund may be invested at any given time in
21 corporate stocks and debt securities [BONDS], nor may more than five
22 percent of the voting stock of a [ANY] corporation be owned. Stocks
23 eligible for purchase are restricted to stocks which, except for bank
24 stocks and insurance stocks, are listed upon an exchange registered with
25 the Federal Securities and Exchange Commission.

26 * Sec. 3. AS 14.25.180(d)(5) is amended to read:

27 (5) register investments held in the retirement fund in the
28 name of the system;

29 * Sec. 4. AS 14.25.180(e) is repealed and re-enacted to read:

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1 (e) To qualify as a mortgage which may be purchased under (b)(11),
2 (12) or (13) of this section,

3 (1) the originating financial institution must certify that
4 the mortgage has been made in compliance with law and that liens sup-
5 porting the mortgage have been perfected;

6 (2) the mortgage may not have been held by the originating
7 financial institution for a period greater than 90 days.

8 * Sec. 5. AS 14.25.180 is amended by adding new subsections to read:

9 (g) The commissioner of revenue may enter into futures contracts
10 for the sale of investments purchased under (b) of this section only for
11 the purpose of hedging an existing equivalent ownership position in the
12 investments.

13 (h) The commissioner of revenue may transfer at any time a portion
14 of the assets of the retirement fund to a trust which is qualified under
15 sec. 401(a) and exempt from taxation under sec. 501(a) of the Internal
16 Revenue Code of 1954, as amended, and which is maintained as a medium
17 for pooling a portion of the funds of pension and profit-sharing trusts
18 for diversifying investments in real estate and interests in real estate.

19 (i) The commissioner of revenue may enter into a contract or trust
20 agreement necessary to effectuate the transfer of assets of the retire-
21 ment fund or to maintain the assets of the retirement fund to be trans-
22 ferred to a trust under (h) of this section.

23 * Sec. 6. AS 37.10.070 is repealed and re-enacted to read:

24 Sec. 37.10.070. INVESTMENT OF SURPLUS FUNDS. (a) When the commis-
25 sioner of revenue determines that there is in the state treasury a
26 surplus above an amount sufficient to meet current and projected cash
27 expenditure needs, the surplus shall be invested at competitive national
28 market rates unless otherwise provided by law in any of the following:

29 (1) obligations of, or obligations insured or guaranteed by,

1 the United States or agencies or instrumentalities of the United States;

2 (2) obligations secured by reserves paid in by the United
3 States or agencies or instrumentalities of the United States or obliga-
4 tions of corporations in which the United States is a shareholder or
5 member;

6 (3) certificates of deposit issued by United States domestic
7 banks which are members of the Federal Deposit Insurance Corporation for
8 which a generally recognized secondary market exists or which are secured
9 fully at all times as to the payment of principal and interest in accord-
10 dance with Alaska law;

11 (4) corporate debt securities with a minimum rating of "Baa"
12 or the equivalent by a nationally recognized rating organization and the
13 preferred and common stocks of companies which have paid dividends
14 continuously for the last three years;

15 (5) commercial paper bearing the highest rating of a na-
16 tionally recognized rating organization;

17 (6) securities of foreign governments, foreign governmental
18 agencies, and foreign corporations the principal, interest or dividends
19 of which are payable in either United States dollars or foreign curren-
20 cies;

21 (7) bankers acceptances drawn on and accepted by banks with a
22 combined capital and surplus aggregating at least \$200,000,000;

23 (8) shares of federally chartered savings and loan associa-
24 tions in Alaska which are fully secured at all times as to the payment
25 of principal and interest in accordance with Alaska law;

26 (9) savings certificates issued by state-chartered savings
27 and loan associations in Alaska which are fully secured at all times as
28 to the payment of principal and interest in accordance with Alaska law;

29 (10) deposits with mutual savings banks in Alaska which are

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1 fully secured at all times as to the payment of principal and interest
2 in accordance with Alaska law;

3 (11) fixed-term certificates of indebtedness of federally
4 insured credit unions in Alaska which are fully secured at all times as
5 to the payment of principal and interest in accordance with Alaska law;

6 (12) foreign time deposits of both United States-owned and
7 foreign-owned banks and trust companies denominated in either United
8 States dollars or foreign currencies;

9 (13) mortgages of the Alaska Rural Rehabilitation Corporation
10 which secure agricultural loans, agricultural business loans, and agri-
11 cultural processing loans.

12 (b) In making investments, the commissioner of revenue shall
13 exercise the judgment and care under the circumstances then prevailing
14 which an institutional investor of ordinary prudence, discretion, and
15 intelligence exercises in the management of large investments entrusted
16 to it not in regard to speculation but in regard to the permanent dispo-
17 sition of funds, considering probable safety of capital as well as
18 probable income.

19 (c) Except as provided in this section, the commissioner of revenue
20 may

21 (1) invest and reinvest the principal and income without
22 distinction between principal and income;

23 (2) sell, exchange, convey, transfer, or otherwise dispose of
24 an investment of the general fund by private contract or at public
25 auction;

26 (3) vote upon a stock, bond, or other security; give a general
27 or special proxy or power of attorney with or without power of substitu-
28 tion; exercise a conversion privilege, subscription right, or other
29 option and make payments incidental to it; consent to or participate in

1 a corporate reorganization or other change affecting corporate securi-
2 ties, delegate discretionary power, pay an assessment or charge in
3 connection with the delegation; and generally exercise any of the powers
4 of an owner with respect to stocks, bonds, securities, or other invest-
5 ments held in the general fund;

6 (4) make, execute, acknowledge, and deliver documents of
7 transfer and conveyance and instruments necessary or appropriate to
8 carry out the powers granted;

9 (5) register investments held in the name of the state;

10 (6) do all acts whether or not expressly authorized which are
11 considered necessary or proper for the protection of the investments.

12 (d) The commissioner of revenue may enter into futures contracts
13 for the sale of investments purchased under (a) of this section only for
14 the purpose of hedging an existing equivalent ownership position in
15 these investments.

16 (e) The commissioner of revenue may enter into contracts for
17 services providing investment advice, custody of securities, and execu-
18 tion of transactions, in or out of Alaska.

19 * Sec. 7. AS 39.35.110(a) is amended to read:

20 (a) When, in the opinion of the commissioner of administration,
21 there is on hand in the pension fund a surplus over and above a reason-
22 ably safe amount to take care of current demands upon the fund, the
23 surplus, or so much of it as in the judgment of the commissioner of
24 administration is considered proper, may be invested at competitive
25 national market rates by the commissioner of revenue in

26 [(1) BONDS OR OTHER INTEREST-BEARING OBLIGATIONS AND SECURI-
27 TIES OF THE (A) UNITED STATES OR AN AGENCY OF THE UNITED STATES, (B) A
28 STATE OF THE UNITED STATES, OR (C) A POLITICAL SUBDIVISION OF A STATE OF
29 THE UNITED STATES, IF THE POLITICAL SUBDIVISION HAS A POPULATION AS

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1 SHOWN BY THE LAST FEDERAL CENSUS PRECEDING THE INVESTMENT OF NOT LESS
2 THAN 30,000 INHABITANTS; WITH RESPECT TO POLITICAL SUBDIVISIONS OF THIS
3 STATE, NO POPULATION LIMITATION APPLIES;

4 (2) FIRST LIEN REAL ESTATE MORTGAGE SECURITIES INSURED BY THE
5 FEDERAL HOUSING ADMINISTRATION UNDER THE NATIONAL HOUSING ACT OF THE
6 UNITED STATES OR HELD BY THE DIVISION OF VETERANS' AFFAIRS UNDER
7 AS 26.15, OR LOANS GUARANTEED BY THE DIVISION OF VETERANS' AFFAIRS UNDER
8 AS 26.15.040(b);

9 (3) CORPORATION BONDS AND PREFERRED AND COMMON STOCKS AS THE
10 COMMISSIONER OF REVENUE CONSIDERS PROPER INVESTMENTS FOR THE FUNDS;

11 (4) FIRST LIEN REAL ESTATE MORTGAGE SECURITIES HELD BY THE
12 DEPARTMENT OF NATURAL RESOURCES UNDER AS 03.10;]

13 (5) shares of federally chartered savings and loan associa-
14 tions in Alaska, to the extent that the [SUCH] investment is insured by
15 the federal government or an agency of the federal government [THEREOF];

16 (6) deposits with mutual savings banks in Alaska, to the
17 extent that the [SUCH] investment is insured by the federal government
18 or an agency of the federal government [THEREOF];

19 (7) deposits with state and national banks in Alaska to the
20 extent that the investment is insured by the federal government or an
21 agency of the federal government;

22 (8) [MUTUAL FUNDS;]

23 (9) the guaranteed portion of Small Business Administration
24 loans;

25 (10) first lien real estate mortgages guaranteed by the federal
26 Veterans Administration;

27 (11) notes secured by mortgages of commercial or residential
28 buildings [REAL ESTATE OR OTHER SECURITY] if the mortgages are insured
29 by a private mortgage insurance corporation which is authorized to do

1 business in Alaska and has combined capital, surplus and reserves aggregating at least \$20,000,000; however,

2
3 (A) no mortgage insurance is necessary for commercial
4 loans having loan-to-value ratios of less than 50 percent and the
5 minimum coverage of other commercial loans shall be 10 percent for
6 those having a loan-to-value ratio of 50-60 percent and 15 percent
7 for those having a loan-to-value ratio greater than 60 percent but
8 no more than 75 percent, and

9 (B) no mortgage insurance is necessary for residential
10 loans having a loan-to-value ratio of less than 70 percent and the
11 minimum coverage of other residential loans shall be 10 percent for
12 those having a loan-to-value ratio greater than 70 percent but less
13 than 90 percent and 20 percent for those having a loan-to-value
14 ratio of 90 percent;

15 (12) conventional residential mortgages if the originating
16 financial institution retains at least 25 percent of the mortgage for a
17 minimum of two years;

18 (13) notes secured by mortgages of commercial buildings [REAL
19 ESTATE] if the originating financial institution retains at least 25
20 percent of the mortgage until maturity;

21 (14) FHA guaranteed portion of business and industrial loans
22 made under the Rural Development Act of 1972;

23 [(15) GUARANTEED PORTION OF LOANS MADE UNDER THE FEDERAL SHIP
24 FINANCING ACT OF 1972;

25 (16) BONDS, DEBENTURES, NOTES, OR OTHER OBLIGATIONS ISSUED,
26 GUARANTEED, OR ASSUMED AS TO BOTH PRINCIPAL AND INTEREST BY THE GOVERN-
27 MENT OF THE DOMINION OF CANADA, OR BY ANY PROVINCE OF CANADA, OR BY ANY
28 MUNICIPALITY OF CANADA WHICH HAS A POPULATION OF NOT LESS THAN 150,000,
29 IF (A) THE FULL FAITH AND CREDIT OF THE ISSUER, GUARANTOR, OR ASSUMER OF

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1 THE BONDS, DEBENTURES, NOTES, OR OTHER OBLIGATIONS IS PLEDGED FOR THE
2 PAYMENT OF PRINCIPAL AND INTEREST ON THEM, (B) THE PRINCIPAL AND INTEREST
3 ON THEM IS PAYABLE IN UNITED STATES CURRENCY, EITHER UNCONDITIONALLY OR
4 AT THE OPTION OF THE HOLDER, AND (C) THESE OBLIGATIONS ARE RATED A OR AN
5 EQUIVALENT QUALITY BY A NATIONALLY RECOGNIZED RATING ORGANIZATION;]

6 (17) bankers' acceptances which are eligible for discount at
7 the Federal Reserve Bank and [NEGOTIABLE TIME] certificates of deposit
8 issued by United States domestic [COMMERCIAL] banks which are members of
9 the Federal Deposit Insurance Corporation if a generally recognized
10 secondary market exists for the certificates of deposit;

11 (18) obligations of, or obligations insured by or guaranteed
12 by, the United States or agencies or instrumentalities of the United
13 States;

14 (19) obligations secured by reserves paid in by the United
15 States or agencies or instrumentalities of the United States or obliga-
16 tions of corporations in which the United States is a shareholder or
17 member;

18 (20) corporate debt securities with a minimum rating of "A" or
19 an equivalent rating by a nationally recognized rating organization;

20 (21) preferred and common stock of companies which have paid
21 dividends in each of the three years immediately preceding the invest-
22 ment;

23 (22) commercial paper bearing the highest rating of a nation-
24 ally recognized rating organization;

25 (23) securities of foreign governments, foreign governmental
26 agencies, and foreign corporations the principal, interest or dividends
27 on which are payable in either United States dollars or foreign curren-
28 cies; however, investments under this paragraph may not exceed 10 per-
29 cent of the total investments of the pension fund;

1 (24) foreign time deposits of both United States-owned and
2 foreign-owned banks and trust companies denominated in either United
3 States dollars or foreign currencies; however, investments under this
4 paragraph may not exceed 20 percent of the total investments of the pen-
5 sion fund;

6 (25) gold bullion certified as to fineness of at least 99-1/2
7 percent; however, investments under this paragraph may not exceed 10
8 percent of the total investments of the pension fund; the commissioner
9 of revenue shall purchase gold bullion produced in Alaska to the extent
10 that Alaska gold bullion is available if it can be obtained at a price
11 comparable to out-of-state sources.

12 * Sec. 8. AS 39.35.110(c) is amended to read:

13 (c) In making investments the commissioner of revenue shall exer-
14 cise the judgment and care under the circumstances then prevailing which
15 an institutional investor [A MAN] of ordinary prudence, discretion, and
16 intelligence exercises in the management of large investments entrusted
17 to it [HIS OWN AFFAIRS] not in regard to speculation but in regard to
18 the permanent disposition of [HIS] funds, considering [THE] probable
19 safety of capital as well as probable income [FROM THEM AS WELL AS THE
20 PROBABLE SAFETY OF HIS CAPITAL]. However, no more than 50 percent of
21 the pension fund may be invested at a given time in [MUTUAL FUNDS AND]
22 corporate stocks and debt securities [BONDS], nor may [ANY] more than
23 five percent of the voting stock of one corporation be owned. Stocks
24 eligible for purchase are restricted to stocks which, except for bank
25 stocks and [,] insurance stocks [, AND SHARES IN MUTUAL FUNDS], are
26 listed upon an exchange registered with the Federal Securities and
27 Exchange Commission.

28 * Sec. 9. AS 39.35.110(e) is repealed and re-enacted to read:

29 (e) To qualify as a mortgage which may be purchased under (a)(11),

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1 (12), or (13) of this section,

2 (1) the originating financial institution must certify that
3 the mortgage being sold has been made in compliance with law and that
4 liens supporting the mortgage have been perfected;

5 (2) the mortgage may not have been held by the originating
6 financial institution for a period greater than 90 days.

7 * Sec. 10. AS 39.35.110 is amended by adding new subsections to read:

8 (h) The commissioner of revenue may enter into futures contracts
9 for the sale of investments purchased under (a) of this section only for
10 the purpose of hedging an existing equivalent ownership position in the
11 investments.

12 (i) The commissioner of revenue may transfer at any time a portion
13 of the assets of the retirement fund to a trust which is qualified under
14 sec. 401(a) and exempt from taxation under sec. 501(a) of the Internal
15 Revenue Code of 1954, as amended, and which is maintained as a medium
16 for pooling a portion of the funds of pension and profit-sharing trusts
17 for diversifying investments in real estate and interests in real es-
18 tate.

19 (j) The commissioner of revenue may enter into a contract or trust
20 agreement necessary to effectuate the transfer of assets of the pension
21 fund or to maintain the assets of the pension fund to be transferred to
22 a trust under (i) of this section.

23 * Sec. 11. AS 37.10 is amended by adding a new section to article 1 to
24 read:

25 Sec. 37.10.078. PROHIBITED DEPOSITS AND INVESTMENTS IN CERTAIN
26 BANKS. The commissioner of revenue may not make investments or deposits
27 with a bank doing business in Alaska which has a general practice of
28 charging a fee for cashing checks or warrants issued by the state or
29 refusing to cash checks or warrants issued by the state.

1 * Sec. 12. AS 44.54.010(b) is amended to read:

2 (b) For the purpose of the [INITIAL] funding of the bank's opera-
3 tions, the board of directors may [SHALL] issue nonvoting, preferred
4 shares of stock in the bank and [SHALL] determine the value of each
5 share. The State of Alaska, through appropriate agencies, may [SHALL]
6 purchase the nonvoting, preferred shares [INITIALLY] issued by the bank.
7 Shares purchased by the state shall be repurchased by the bank within 20
8 years after their purchase. If the bank fails to repurchase the shares
9 within 20 years, the commissioner of commerce and economic development
10 may dissolve the bank.

11 * Sec. 13. TRANSITION. The provision for an immediate effective date for
12 sec. 6 of this Act does not prevent the commissioner of revenue from ful-
13 filling general fund investment commitments made before the effective date of
14 this Act. However, the provisions of AS 37.10.070, as amended by sec. 6 of
15 this Act, apply to all new general fund investments committed to and made on
16 or after the effective date of this Act.

17 * Sec. 14. AS 03.10.054; AS 16.10.330, 16.10.550; AS 26.15.070(b); AS 44.
18 33.270(b), 44.33.370(b); AS 44.47.350(b); AS 45.88.040(b); AS 45.90.040(b);
19 and AS 45.95.020(b) are repealed.

20 * Sec. 15. AS 39.35.110(b) and (g) are repealed.

21 * Sec. 16. Section 14 of this Act takes effect July 1, 1980.

22 * Sec. 17. Sections 1 - 10, 12, 13, and 15 - 17 of this Act take effect
23 immediately in accordance with AS 01.10.070(c).