

**CS FOR HOUSE BILL NO. 466(STA)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY THE HOUSE STATE AFFAIRS COMMITTEE

Offered: 3/9/04

Referred: Finance

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE LEGISLATIVE BUDGET AND AUDIT COMMITTEE

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to investments of Alaska permanent fund assets; authorizing the Board**  
2 **of Trustees of the Alaska Permanent Fund Corporation to loan permanent fund assets**  
3 **to the Alaska Natural Gas Development Authority for use in developing North Slope**  
4 **natural gas resources and in transporting the natural gas, and relating to those loans;**  
5 **and providing for an effective date."**

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

7 **\* Section 1.** AS 37.13.120(e) is amended to read:

8 (e) The corporation may not borrow money or guarantee from principal of the  
9 fund the obligations of others except as provided in this subsection. With respect to  
10 [REAL PROPERTY] investments of the fund, the corporation may, through an entity  
11 in which the investment is made, borrow money if the borrowing is without recourse  
12 to the corporation and the fund.

13 **\* Sec. 2.** AS 37.13.120(k) is amended to read:

1 (k) The board shall establish and from time to time as necessary modify  
 2 guidelines for the investment of the assets of the fund. Before adoption of any  
 3 guidelines, the guidelines shall be reported to the Legislative Budget and Audit  
 4 Committee for review and comment. Notwithstanding (g), **(h), and (i)** of this section  
 5 or the percentage investment limitations under (i) of this section and so long as doing  
 6 so satisfies the prudent-investor rule under (a) of this section, the board may invest up  
 7 to **15** [FIVE] percent of the total assets of the fund in either or a combination of the  
 8 following:

9 (1) other types of investments not specifically listed in (g) of this  
 10 section;

11 (2) categories of investment subject to the percentage investment  
 12 limitations established in (i) of this section, even though investing additional assets in  
 13 a category will cause the aggregate investment in the category to exceed the applicable  
 14 percentage limitation.

15 \* **Sec. 3.** AS 37.13.120 is amended by adding a new subsection to read:

16 (q) In addition to investments made under (g) of this section, the board may  
 17 make loans of fund assets to the Alaska Natural Gas Development Authority for use in  
 18 developing North Slope natural gas resources and in transporting the natural gas. The  
 19 amount and terms of each loan made under this subsection shall be established by the  
 20 board.

21 \* **Sec. 4.** AS 41.41 is amended by adding a new section to article 2 to read:

22 **Sec. 41.41.205. Loans from permanent fund.** The authority may enter into  
 23 loan agreements with the Alaska Permanent Fund Corporation under AS 37.13.120(q).  
 24 Money from a loan may be used only to carry out one or more of the purposes listed in  
 25 AS 41.41.010(a)(1) - (4).

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