

**ALASKA STATE LEGISLATURE
HOUSE RULES STANDING COMMITTEE**

May 9, 2004

4:28 p.m.

MEMBERS PRESENT

Representative Norman Rokeberg, Chair
Representative John Coghill
Representative Lesil McGuire
Representative Carl Morgan
Representative Ethan Berkowitz
Representative Beth Kerttula

MEMBERS ABSENT

Representative Pete Kott

COMMITTEE CALENDAR

CS FOR SENATE BILL NO. 326(STA)

"An Act relating to investments of Alaska permanent fund assets;
and providing for an effective date."

- MOVED CSSB 326(STA) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 326

SHORT TITLE: PERMANENT FUND INVESTMENTS

SPONSOR(S): RULES BY REQUEST OF LEG BUDGET & AUDIT

02/13/04	(S)	READ THE FIRST TIME - REFERRALS
02/13/04	(S)	STA, FIN
02/24/04	(S)	STA AT 3:30 PM BELTZ 211
02/24/04	(S)	Heard & Held
02/24/04	(S)	MINUTE(STA)
03/04/04	(S)	STA AT 3:30 PM BELTZ 211
03/04/04	(S)	Moved CSSB 326(STA) Out of Committee
03/04/04	(S)	MINUTE(STA)
03/05/04	(S)	STA RPT CS 1DP 2NR SAME TITLE
03/05/04	(S)	NR: STEVENS G, STEDMAN; DP: COWDERY
03/29/04	(S)	FIN RPT CS(STA) 2DP 5NR
03/29/04	(S)	DP: GREEN, WILKEN; NR: DYSON, HOFFMAN,
03/29/04	(S)	STEVENS B, BUNDE, OLSON
03/29/04	(H)	FIN AT 9:00 AM HOUSE FINANCE 519
03/29/04	(S)	Moved CSSB 326(STA) Out of Committee

03/29/04 (S) MINUTE(FIN)
05/07/04 (S) TRANSMITTED TO (H)
05/07/04 (S) VERSION: CSSB 326(STA)
05/08/04 (H) READ THE FIRST TIME - REFERRALS
05/08/04 (H) RLS
05/08/04 (H) HB 466 SIMILAR BILL
05/08/04 (H) RLS AT 12:00 AM CAPITOL 124
05/08/04 (H) <Pending Referral>
05/09/04 (H) RLS AT 3:45 PM CAPITOL 102

WITNESS REGISTER

ROBERT STORER, Executive Director
Alaska Permanent Fund Corporation (APFC)
Department of Revenue
Juneau, Alaska
POSITION STATEMENT: Explained SB 326.

ACTION NARRATIVE

TAPE 04-8, SIDE A

Number 0001

CHAIR NORMAN ROKEBERG called the House Rules Standing Committee meeting to order at 4:28 p.m. Representatives Rokeberg, Coghill, McGuire, Morgan, Berkowitz, and Kerttula were present at the call to order.

SB 326-PERMANENT FUND INVESTMENTS

CHAIR ROKEBERG announced that the only order of business would be CS FOR SENATE BILL NO. 326(STA), "An Act relating to investments of Alaska permanent fund assets; and providing for an effective date."

Number 0059

ROBERT STORER, Executive Director, Alaska Permanent Fund Corporation (APFC), Department of Revenue, explained that the APFC must follow the prudent investor rule as well as the statutory list specifying investments APFC is allowed to make. Approximately four years ago, the legislature assisted the APFC in allowing it to invest 5 percent of its total assets outside of the statutory list while following the prudent investor rule. Mr. Storer referred to it as the basket clause.

MR. STORER further explained that on page 1, line 14, the legislation cleans up some of the original intent language. On page 2, line 3, the Senate increased the original percentage to 10 percent, which will provide greater investment flexibility. However, it doesn't mean that the permanent fund would take a lot more risk. He explained that it means that when APFC's investments appreciate, APFC won't be forced to sell or liquidate those investments because of statutory constraints.

Number 0163

REPRESENTATIVE BERKOWITZ inquired as to how CSSB 326(STA) differs from the House State Affairs Standing Committee's version.

MR. STORER specified that the Senate asked if APFC would amend its original request of 15 percent down to 10 percent, to which he agreed. He related his belief that the 10 percent would provide the minimum that could be utilized over the next couple of years. However, he noted that APFC would be back before the legislature [on this matter] in a couple of years. In further response to Representative Berkowitz, Mr. Storer confirmed that CSSB 326(STA) is what is necessary to move the legislation through the process in these last days of the session.

Number 0224

REPRESENTATIVE BERKOWITZ moved to report CSSB 326(STA) out of committee [with individual recommendations and the accompanying fiscal notes]. There being no objection, CSSB 326(STA) was reported from the House Rules Standing Committee.

ADJOURNMENT

There being no further business before the committee, the House Rules Standing Committee meeting was adjourned at 4:33 p.m.