

Original Sponsor: B. Phillips

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HCS
a.m.
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1 IN THE SENATE

BY THE FINANCE COMMITTEE

2

HOUSE CS FOR SENATE BILL NO. 103

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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SIXTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act relating to the investment of certain retirement funds in mutual funds."

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

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

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(b) When, in the opinion of the commissioner of administration,

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there is on hand in the retirement fund a surplus over and above a

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reasonably safe amount to take care of current demands upon the fund,

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the surplus or so much of it as in the judgment of the commissioner of

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administration is considered proper may be invested by the commissioner

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of revenue in (1) bonds or other interest-bearing obligations and

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securities of the United States or an agency of the United States, a

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state of the United States, or a political subdivision of any state

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of the United States, if the political subdivision has a population as

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shown by the last federal census preceding the investment of no less

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than 30,000 inhabitants, except no population limitation applies to a

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political subdivision of this state; (2) first lien real estate

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mortgage securities insured by the Federal Housing Administration under

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the National Housing Act of the United States, or held by the Depart-

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ment of Commerce, or the Department of Natural Resources; (3) corpora-

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tion bonds, and preferred and common stocks as the commissioner of

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revenue considers proper investments for the funds; (4) shares of

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federally chartered savings and loan associations in Alaska, to the

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extent that the investment is insured by the federal government or by

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an agency of the federal government; (5) deposits with mutual savings

1 banks in Alaska, to the extent that the investment is insured by the
2 federal government or an agency of the federal government; (6) deposits
3 with state and national banks in Alaska to the extent that the invest-
4 ment is insured by the federal government or an agency of the federal
5 government; [AND] (7) loans guaranteed by the division of veterans'
6 affairs under AS 26.15.040(b); and (8) mutual funds. No more than
7 25 per cent of the surplus may be invested in mortgage securities of
8 the Department of Commerce, and the state shall appropriate sufficient
9 money from the general fund to reimburse the teachers' retirement
10 system for any losses incurred as a result of failure of the obligors
11 to pay on the notes. No more than \$400,000 of the surplus may be in-
12 vested annually in the mortgage securities of the Department of Natural
13 Resources, and the state shall appropriate sufficient money from the
14 general fund to reimburse the teachers' retirement system for any
15 losses incurred as a result of failure of the obligors to pay on the
16 notes.

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

18 (c) In making investments the commissioner of revenue shall
19 exercise the judgment and care under the circumstances then prevailing
20 which men of ordinary prudence, discretion, and intelligence exercise
21 in the management of their own affairs not in regard to speculation
22 but in regard to the permanent disposition of their funds, considering
23 the probable income therefrom as well as the probable safety of their
24 capital. However, no more than 50 per cent of the retirement fund
25 may be invested at any given time in mutual funds and corporate stocks
26 and bonds, nor may more than five per cent of the voting stock of any
27 corporation be owned except through investment in mutual funds. Stocks
28 eligible for purchase are restricted to stocks which, except for bank
29 stocks, [AND] insurance stocks and shares in mutual funds, are listed

1 upon an exchange registered with the Federal Securities and Exchange
2 Commission.

3 * Sec. 3. AS 39.35.110(a) is amended by adding a new paragraph to read:
4 (8) mutual funds.

5 * Sec. 4. AS 39.35.110(c) is amended to read:

6 (c) In making investments the commissioner of revenue shall
7 exercise the judgment and care under the circumstances then prevailing
8 which a man of ordinary prudence, discretion, and intelligence exer-
9 cises in the management of his own affairs not in regard to specula-
10 tion but in regard to the permanent disposition of his funds, consider-
11 ing the probable income from them as well as the probable safety of
12 his capital. However, no more than 50 per cent of the pension fund
13 may be invested at a given time in mutual funds and corporate stocks
14 and bonds, nor any more than five per cent of the voting stock of one
15 corporation be owned, except through investment in mutual funds.
16 Stocks eligible for purchase are restricted to stocks which, except
17 for bank stocks, [AND] insurance stocks, and shares in mutual funds,
18 are listed upon an exchange registered with the Federal Securities and
19 Exchange Commission.
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