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Introduced: 2/3/69
Referred: Judiciary

1 IN THE SENATE

BY B. PHILLIPS

2 SENATE BILL NO. 103

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the investment of certain retire-
7 ment funds in mutual funds."

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

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

10 (c) When, in the opinion of the commissioner of administration,
11 there is on hand in the retirement fund a surplus over and above a
12 reasonably safe amount to take care of current demands upon the fund,
13 the surplus or so much of it as in the judgment of the commissioner
14 of administration is considered proper may be invested by the commis-
15 sioner of revenue in (1) bonds or other interest-bearing obligations
16 and securities of the United States or an agency of the United States,
17 a state of the United States, or a political subdivision of any state
18 of the United States, if the political subdivision has a population as
19 shown by the last federal census preceding the investment of no less
20 than 30,000 inhabitants, except no population limitation applies to a
21 political subdivision of this state; (2) first lien real estate
22 mortgage securities insured by the Federal Housing Administration under
23 the National Housing Act of the United States, or held by the Depart-
24 ment of Commerce, or the Department of Natural Resources; (3) corporation
25 bonds, and preferred and common stocks as the commissioner of revenue
26 considers proper investments for the funds; (4) shares of federally
27 chartered savings and loan associations in Alaska, to the extent that
28 the investment is insured by the federal government or by an agency of
29 the federal government; (5) deposits with mutual savings banks in

1 Alaska, to the extent that the investment is insured by the federal
2 government or an agency of the federal government; [AND] (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) mutual funds. No more than 25 per cent of the
6 surplus may be invested in mortgage securities of the Department of
7 Commerce, and the state shall appropriate sufficient money from the
8 general fund to reimburse the teachers' retirement system for any
9 losses incurred as a result of failure of the obligors to pay on the
10 notes. No more than \$400,000 of the surplus may be invested annually
11 in the mortgage securities of the Department of Natural Resources, and
12 the state shall appropriate sufficient money from the general fund to
13 reimburse the teachers' retirement system for any losses incurred as
14 a result of failure of the obligors to pay on the notes.

15 * Sec. 2. AS 14.25.100(c) is amended to read:

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

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

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

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

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