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Introduced: 1/26/70
Referred: Special Committee on Investment and Monetary Policies

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 402

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for the investment of surplus
7 state funds; and providing for an effective date."

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

9 * Section 1. AS 37.10.070 is repealed and re-enacted to read:

10 Sec. 37.10.070. INVESTMENT OF SURPLUS FUNDS. (a) When the
11 commissioner of revenue determines that there is in the state
12 treasury a surplus above an amount sufficient to meet current demands,
13 the surplus may be invested in any of the following:

14 (1) bonds, notes, and bills which constitute direct
15 obligations of the United States;

16 (2) obligations of agencies and instrumentalities of the
17 United States;

18 (3) bank certificates of deposit which are secured as to
19 the payment of principal and interest in accordance with Alaska law;

20 (4) commercial paper of prime or equivalent quality, as
21 rated by a nationally recognized rating organization, which is
22 issued by corporations organized and operating in the United States
23 with assets in excess of five hundred million dollars;

24 (5) bonds, notes, debentures and other evidence of
25 indebtedness of corporations.

26 (b) Investment policy shall be formulated by a committee,
27 consisting of the governor or his designee, the commissioner of
28 revenue, the commissioner of commerce, and the commissioner of
29 administration. In formulating investment policy the committee

1 shall consider maximum income and safety.

2 (c) In determining the amount and term of investments in bank
3 certificates of deposit, in addition to the considerations in
4 paragraph (b), the committee shall consider

5 (1) the character of the management, the amount of capital,
6 the amount of total deposits, and the amount of State of Alaska
7 deposits of the bank in whose certificates of deposit the investment
8 is to be made;

9 (2) the indirect benefit to the private and public sectors
10 of the economy in terms of increased housing and commercial credit,
11 stimulated business activity, increased employment, support of the
12 market for state and local bonds, and increased public revenue, which
13 might result from the investment; and

14 (3) the probable inflationary effect of the investment.

15 (d) The Department of Revenue, with the consent of the committee,
16 may enter into contracts for services providing investment advice,
17 custody of securities, and execution of transactions, in or out of
18 the State of Alaska.

19 * Sec. 2. AS 37.10.085 is amended to read:

20 Sec. 37.10.085. FINANCIAL AID TO CORPORATIONS BY STATE OR
21 POLITICAL SUBDIVISIONS. Except as permitted by statute, neither
22 [NEITHER] the state nor a political subdivision of the state may

23 (1) make a subscription to the capital stock of a
24 corporation;

25 (2) lend its credit for the use of a corporation; or

26 (3) borrow money for the use of a corporation.

27 * Sec. 3. This Act takes effect on the day after its passage and
28 approval or on the day it becomes law without approval.
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