

Original sponsor: Rules Committee by
request of the Governor

Offered: 3/10/70
Referred: Rules

BY THE RULES COMMITTEE
BY REQUEST OF THE SPECIAL
COMMITTEE ON INVESTMENT
AND MONETARY POLICIES

1 IN THE SENATE

2 CS FOR 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 state
7 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 AS 37.10.070 is repealed and re-enacted to read: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 com-
11 missioner of revenue determines that there is in the state treasury a
12 surplus above an amount sufficient to meet current demands, the surplus
13 may be invested in any of the following:

14 (1) bonds, notes, and bills which constitute direct obliga-
15 tions 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 the
19 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 issued
22 by corporations organized and operating in the United States with
23 assets in excess of \$500 million.

24 (b) Investment policy shall be formulated by a committee, con-
25 sisting of the governor or his designee, the commissioner of revenue,
26 the commissioner of commerce, and the commissioner of administration.
27 In formulating investment policy the committee shall consider maximum
28 income and safety. In determining the amount and term of investments
29 in bank certificates of deposit, the committee also shall consider

1 (1) the character of the management, the amount of capital,
2 the amount of total deposits, and the amount of State of Alaska deposits
3 of the bank in whose certificates of deposit the investment is to be
4 made;

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

10 (3) the probable inflationary effect of the investment; and

11 (4) the extent to which such indirect benefits tend to off-
12 set the difference, if any, between the income available from invest-
13 ments in bank certificates of deposit and other permitted investments.

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

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

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

22 (1) make a subscription to the capital stock of a corpora-
23 tion;

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

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

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