

*Handwritten initials/signature*

Original sponsor: Rules Committee by  
request of the Governor

Offered: 4/25/70  
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

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 AS 37.10.070 is repealed and re-enacted to read: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  
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 issued  
22 by corporations organized and operating in the United States with assets  
23 in excess of \$500 million.

24 (b) Investment policy shall be formulated by a committee, consist-  
25 ing of the governor or his designee, the commissioner of revenue, the  
26 commissioner of commerce, and the commissioner of administration. In  
27 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  
3 deposits of the bank in whose certificates of deposit the investment  
4 is to be 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 offset  
12 the difference, if any, between the income available from investments  
13 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 Alaska.

17 \* Sec. 2. AS 37.10.085 is amended to read:

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

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

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

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

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