

105
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. 403

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 collection and deposit of
7 state money and the collateralization of deposits of
8 state funds; and providing for an effective date."

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

10 * Section 1. AS 37.10.060 is repealed and re-enacted to read:

11 Sec. 37.10.060. COLLECTION AND DEPOSIT OF STATE MONEY. (a) The
12 purpose of this section is to provide for the collection and deposit
13 of state money and to require the collateralization of state deposits,
14 in a manner which will tend to stimulate the economy of the State of
15 Alaska.

16 (b) The Department of Revenue shall receive from other depart-
17 ments and safely keep all money of the state which is not entrusted
18 by law to some other office.

19 (c) State funds deposited in a bank shall be secured in
20 accordance with the provisions of this section.

21 (d) To secure a deposit of state funds the depositary bank shall
22 pledge eligible collateral by delivering it to any bank or Federal
23 Reserve Bank or branch designated by the department, or to the trust
24 department of a depositary bank approved by the department, and
25 shall furnish evidence satisfactory to the department that the state
26 has a perfected security interest in the collateral.

27 (e) The following, while not in default, if issued, made, or
28 created after January 1, 1970, constitute eligible collateral the
29 market value of which, or when it has no recognized market value the

1 unpaid principal balance of which, may never be less than 75 per cent
2 of the amount of state deposits it secures:

3 (1) mortgages insured by Federal Housing Administration on
4 Alaska real estate improved by not more than four residential units;

5 (2) the guaranteed portion only of loans guaranteed by
6 Small Business Administration;

7 (3) fishing vessel mortgages and loans insured by the
8 Department of Interior;

9 (4) notes insured by Farmer's Home Administration, the
10 proceeds of which are used to finance projects in Alaska;

11 (5) mortgages guaranteed by Veteran's Administrations of
12 the United States on improved Alaska real estate;

13 (6) mortgages guaranteed by Division of Veteran's Affairs
14 of the State of Alaska on improved Alaska real estate;

15 (7) the insured portion only of loans to Alaska residents
16 who are students in colleges or vocational schools if the loans
17 are insured either by federal insurance or by a state agency or
18 private nonprofit institution or organization administering a student
19 loan insurance program in accordance with a formal agreement with the
20 commissioner of education under the provisions of the Higher Education
21 Act of 1965 or the National Vocational Student Loan Insurance Act
22 of 1965.

23 (f) The following bonds, while not in default, if issued after
24 January 1, 1970, constitute eligible collateral the market value of
25 which may never be less than 50 per cent of the amount of state
26 deposits it secures:

27 (1) general obligation bonds and revenue bonds of the
28 State of Alaska;

29 (2) bonds of Alaska State Housing Authority;

1 (3) general obligation bonds of incorporated cities or
2 organized boroughs of Alaska;

3 (4) University of Alaska revenue bonds and bonds of the
4 University of Alaska Heating Corporation.

5 (g) Conventional mortgages on improved Alaska real estate, while
6 not in default, if created after January 1, 1970, constitute eligible
7 collateral the market value of which, or when it has no recognized
8 market value the unpaid principal balance of which, may never be less
9 than 100 per cent of the amount of state deposits it secures.

10 (h) Collateral eligible on January 1, 1970, to secure deposits
11 of the United States constitutes eligible collateral under this
12 section and its market value may never be less than 100 per cent of
13 the amount of state deposits it secures. The treasurer may promulgate
14 regulations approving as eligible collateral under this section
15 additional securities which become eligible to secure deposits
16 of the United States after January 1, 1970.

17 (i) The department may deposit funds, when it considers it
18 necessary to do so, in solvent banks outside the state in accordance
19 with this section.

20 (j) The department may deposit funds in banks inside or
21 outside the state in active accounts without interest for the purpose
22 of paying state warrants, in accordance with this section.

23 (k) The determination of the commissioner of revenue is
24 controlling as to whether offered collateral conforms to the
25 requirements of this section, and whether loans or mortgages conform
26 to the statutes under which they are made.

27 (l) Unless otherwise indicated "department" as used in this
28 section means the Department of Revenue.

29 * Sec. 2. AS 43.05.150 is repealed and re-enacted to read:

1 Sec. 43.05.150. COLLECTION OF MONEY. The Department of Revenue
2 shall demand, sue for, collect, receive, and transmit to the
3 Department of the Treasury all money of the state which is not by
4 law entrusted to the care and custody of some other office.

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

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