

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. 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 AS 37.10.060 is repealed and re-enacted to read: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 departments  
17 and safely keep all money of the state which is not entrusted by law  
18 to some other office.

19 (c) State funds deposited in a bank shall be secured in accordance  
20 with the provisions of this section. Security is required only if the  
21 amount deposited in the bank exceeds 15 per cent of the total deposits  
22 of the bank averaged over the preceding fiscal year. Security is  
23 required only on deposits in excess of the 15 per cent of total bank  
24 deposits.

25 (d) To secure a deposit of state funds the depository bank shall  
26 pledge eligible collateral by delivering it to any bank, a Federal  
27 Reserve Bank or branch thereof designated by the department, or to the  
28 trust department of a depository bank approved by the department. The  
29 depository bank shall furnish evidence satisfactory to the department

1 that the state has a perfected security interest in the collateral.

2 (e) The following, while not in default, constitute eligible  
3 collateral the market value of which, or when it has no recognized  
4 market value the unpaid principal balance of which, may never be less  
5 than 75 per cent of the amount of state deposits it secures:

6 (1) mortgages insured by Federal Housing Administration on  
7 Alaska real estate;

8 (2) the guaranteed portion only of loans guaranteed by  
9 Small Business Administration;

10 (3) fishing vessel mortgages and loans insured by the  
11 Department of Interior;

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

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

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

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

25 (f) The following bonds, while not in default, or stock, consti-  
26 tute eligible collateral the market value of which may never be less  
27 than 50 per cent of the amount of state deposits it secures:

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

1 (2) bonds of Alaska State Housing Authority;

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

4 (4) University of Alaska revenue bonds and bonds of the  
5 University of Alaska Heating Corporation;

6 (5) the stock of a federal home loan bank or the Federal  
7 National Mortgage Association.

8 (g) Collateral eligible to secure deposits of the United States  
9 constitutes eligible collateral under this section and its market value  
10 may never be less than 100 per cent of the amount of state deposits  
11 it secures. The commissioner of revenue may promulgate regulations  
12 approving as eligible collateral under this section additional securi-  
13 ties.

14 (h) The department may deposit funds, when it considers it neces-  
15 sary to do so, in solvent banks outside the state in accordance with  
16 this section.

17 (i) The department may deposit funds in banks inside or outside  
18 the state in active accounts without interest for the purpose of paying  
19 state warrants, in accordance with this section.

20 (j) The determination of the commissioner of revenue is control-  
21 ling as to whether offered collateral conforms to the requirements of  
22 this section and as to whether loans or mortgages conform to the  
23 statutes under which they are made.

24 (k) Unless otherwise indicated "department" as used in this  
25 section means the Department of Revenue.

26 (l) In this section "bank" means a trust company or commercial  
27 bank, mutual savings bank, and savings and loan association, state or  
28 federally chartered.

29 \* Sec. 2. AS 43.05.150(b) is repealed.

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

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