

Original sponsor: Rules Committee by re-
quest 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 AS 37.10.060 is repealed and re-enacted to read: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) The Department of Revenue may negotiate with the bank in which
20 State deposits are to be kept to require the bank to maintain invest-
21 ments in the securities listed in subsection (g).

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

28 (e) To secure a deposit of state funds the depository bank shall
29 pledge eligible collateral by delivering it to any bank, a Federal

1 Reserve Bank or branch thereof designated by the department, or to the
2 trust department of a depository bank approved by the department. The
3 depository bank shall furnish evidence satisfactory to the department
4 that the state has a perfected security interest in the collateral.

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

9 (1) mortgages insured by Federal Housing Administration on
10 Alaska real estate;

11 (2) the guaranteed portion only of loans guaranteed by
12 Small Business Administration;

13 (3) fishing vessel mortgages and loans insured by the
14 Department of Interior;

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

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

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

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

28 (g) The following bonds, while not in default, or stock, consti-
29 tute eligible collateral the market value of which may never be less

1 than 50 per cent of the amount of state deposits it secures:

2 (1) general obligation bonds and revenue bonds of the
3 State of Alaska;

4 (2) bonds of Alaska State Housing Authority;

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

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

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

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

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

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

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

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

29 (m) In this section "bank" means a trust company or commercial

1 bank, mutual savings bank, and savings and loan association, state or
2 federally chartered.

3 * Sec. 2. AS 43.05.150(b) is repealed.

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