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For Today's Calendar

1 IN THE SENATE

BY THE RULES COMMITTEE

2

HOUSE CS FOR SENATE BILL NO. 315 (Rules)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

ELEVENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act relating to the investment of state funds; and  
7 providing for an effective date."

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

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\* Section 1. AS 14.25.180(b) is amended to read:

10

(b) When, in the opinion of the commissioner of administration,  
11 there is on hand in the retirement fund a surplus over and above a  
12 reasonably safe amount to take care of current demands upon the fund,  
13 the surplus or so much of it as in the judgment of the commissioner of  
14 administration is considered proper may be invested at competitive na-  
15 tional market rates by the commissioner of revenue in

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[(1) BONDS OR OTHER INTEREST-BEARING OBLIGATIONS AND SECURITIES  
17 OF THE UNITED STATES OR AN AGENCY OF THE UNITED STATES, A STATE OF THE  
18 UNITED STATES, OR A POLITICAL SUBDIVISION OF ANY STATE OF THE UNITED  
19 STATES, IF THE POLITICAL SUBDIVISION HAS A POPULATION AS SHOWN BY THE  
20 LAST FEDERAL CENSUS PRECEDING THE INVESTMENT OF NO LESS THAN 30,000  
21 INHABITANTS, EXCEPT NO POPULATION LIMITATION APPLIES TO A POLITICAL  
22 SUBDIVISION OF THIS STATE;

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(2) FIRST LIEN REAL ESTATE MORTGAGE SECURITIES INSURED BY THE  
24 FEDERAL HOUSING ADMINISTRATION UNDER THE NATIONAL HOUSING ACT OF THE  
25 UNITED STATES, OR HELD BY THE DEPARTMENT OF COMMERCE, OR THE DEPARTMENT  
26 OF NATURAL RESOURCES;

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(3) CORPORATION BONDS, AND PREFERRED AND COMMON STOCKS AS THE  
28 COMMISSIONER OF REVENUE CONSIDERS PROPER INVESTMENTS FOR THE FUNDS;]

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(4) shares of federally chartered savings and loan associa-

1 tions in Alaska, to the extent that the investment is insured by the  
2 federal government or by an agency of the federal government;

3 (5) deposits with mutual savings banks in Alaska, to the  
4 extent that the investment is insured by the federal government or an  
5 agency of the federal government;

6 (6) deposits with state and national banks in Alaska to the  
7 extent that the investment is insured by the federal government or an  
8 agency of the federal government;

9 [(7) LOANS GUARANTEED BY THE DIVISION OF VETERANS' AFFAIRS  
10 UNDER AS 26.15.040(b);]

11 (8) (deleted);

12 (9) the guaranteed portion of Small Business Administration  
13 loans;

14 (10) first lien real estate mortgages guaranteed by the  
15 federal Veterans Administration;

16 (11) notes secured by mortgages of commercial or residential  
17 buildings [REAL ESTATE OR OTHER SECURITY] if the mortgages are insured  
18 by a private mortgage insurance corporation which is authorized to do  
19 business in Alaska and has combined capital, surplus and reserves aggre-  
20 gating at least \$20,000,000; however,

21 (A) no mortgage insurance is necessary for commercial  
22 loans having loan-to-value ratios of less than 50 percent and the  
23 minimum coverage of other commercial loans shall be 10 percent for  
24 those having a loan-to-value ratio of 50-60 percent and 15 percent  
25 for those having a loan-to-value ratio greater than 60 percent but  
26 no more than 75 percent, and

27 (B) no mortgage insurance is necessary for residential  
28 loans having a loan-to-value ratio of less than 70 percent and the  
29 minimum coverage of other residential loans shall be 10 percent for

1 those having a loan-to-value ratio greater than 70 percent but less  
2 than 90 percent and 20 percent for those having a loan-to-value  
3 ratio of 90 percent;

4 (12) conventional residential mortgages if the originating  
5 financial institution retains at least 25 percent of the mortgage for a  
6 minimum of two years;

7 (13) notes secured by mortgages of commercial buildings [REAL  
8 ESTATE] if the originating financial institution retains at least 25  
9 percent of the mortgage until maturity;

10 (14) FHA guaranteed portion of business and industrial loans  
11 made under the Rural Development Act of 1972;

12 [(15) GUARANTEED PORTION OF LOANS MADE UNDER THE FEDERAL SHIP  
13 FINANCING ACT OF 1972. NO MORE THAN 25 PERCENT OF THE SURPLUS MAY BE  
14 INVESTED IN MORTGAGE SECURITIES OF THE DEPARTMENT OF COMMERCE, AND THE  
15 STATE SHALL APPROPRIATE SUFFICIENT MONEY FROM THE GENERAL FUND TO REIM-  
16 BURSE THE TEACHERS' RETIREMENT SYSTEM FOR ANY LOSSES INCURRED AS A  
17 RESULT OF FAILURE OF THE OBLIGORS TO PAY ON THE NOTES. NO MORE THAN  
18 \$400,000 OF THE SURPLUS MAY BE INVESTED ANNUALLY IN THE MORTGAGE SECURI-  
19 TIES OF THE DEPARTMENT OF NATURAL RESOURCES, AND THE STATE SHALL APPRO-  
20 PRIATE SUFFICIENT MONEY FROM THE GENERAL FUND TO REIMBURSE THE TEACHERS'  
21 RETIREMENT SYSTEM FOR ANY LOSSES INCURRED AS A RESULT OF FAILURE OF THE  
22 OBLIGORS TO PAY ON THE NOTES;

23 (16) BONDS, DEBENTURES, NOTES, OR OTHER OBLIGATIONS ISSUED,  
24 GUARANTEED, OR ASSUMED AS TO BOTH PRINCIPAL AND INTEREST BY THE GOVERN-  
25 MENT OF THE DOMINION OF CANADA, OR BY ANY PROVINCE OF CANADA, OR BY ANY  
26 MUNICIPALITY OF CANADA WHICH HAS A POPULATION OF NOT LESS THAN 150,000,  
27 IF (A) THE FULL FAITH AND CREDIT OF THE ISSUER, GUARANTOR, OR ASSUMER OF  
28 THE BONDS, DEBENTURES, NOTES, OR OTHER OBLIGATIONS IS PLEDGED FOR THE  
29 PAYMENT OF PRINCIPAL AND INTEREST ON THEM, (B) THE PRINCIPAL AND INTEREST

1 ON THEM IS PAYABLE IN UNITED STATES CURRENCY, EITHER UNCONDITIONALLY OR  
2 AT THE OPTION OF THE HOLDER, AND (C) THESE OBLIGATIONS ARE RATED A OR AN  
3 EQUIVALENT QUALITY BY A NATIONALLY RECOGNIZED RATING ORGANIZATION; ]

4 (17) bankers' acceptances which are eligible for discount at  
5 the Federal Reserve Bank and [NEGOTIABLE TIME] certificates of deposit  
6 issued by United States domestic [COMMERCIAL] banks which are members of  
7 the Federal Deposit Insurance Corporation if a generally recognized  
8 secondary market exists for the certificates of deposit;

9 (18) obligations of, or obligations insured by or guaranteed  
10 by, the United States or agencies or instrumentalities of the United  
11 States;

12 (19) obligations secured by reserves paid in by the United  
13 States or agencies or instrumentalities of the United States or obliga-  
14 tions of corporations in which the United States is a shareholder or  
15 member;

16 (20) corporate debt securities with a minimum rating of "A" or  
17 an equivalent rating by a nationally recognized rating organization;

18 (21) preferred and common stock of companies which have paid  
19 dividends in each of the three years immediately preceding the invest-  
20 ment;

21 (22) commercial paper bearing the highest rating of a nation-  
22 ally recognized rating organization;

23 (23) securities of foreign governments, foreign governmental  
24 agencies, and foreign corporations the principal, interest or dividends  
25 on which are payable in either United States dollars or foreign curren-  
26 cies; however, investments under this paragraph may not exceed 15 per-  
27 cent of the total investments of the retirement fund;

28 (24) foreign time deposits of both United States-owned and  
29 foreign-owned banks and trust companies denominated in either United

1 States dollars or foreign currencies; however, investments under this  
2 paragraph may not exceed 25 percent of the total investments of the re-  
3 irement fund;

4 (25) gold bullion if it is registered with a nationally recog-  
5 nized dealer and is certified as to fineness of at least 99.5 percent;  
6 however, investments under this paragraph may not exceed 15 percent of  
7 the total investments of the retirement fund.

8 \* Sec. 2. AS 14.25.180(c) is amended to read:

9 (c) In making investments the commissioner of revenue shall exer-  
10 cise the judgment and care under the circumstances then prevailing which  
11 an institutional investor [MEN] of ordinary prudence, discretion, and  
12 intelligence exercises [EXERCISE] in the management of large investments  
13 entrusted to it [THEIR OWN AFFAIRS] not in regard to speculation but in  
14 regard to the permanent disposition of [THEIR] funds, considering [THE]  
15 probable safety of capital as well as probable income [THEREFROM AS WELL  
16 AS THE PROBABLE SAFETY OF THEIR CAPITAL]. However, no more than 50  
17 percent of the retirement fund may be invested at any given time in  
18 corporate stocks and debt securities [BONDS], nor may more than five  
19 percent of the voting stock of a [ANY] corporation be owned. Stocks  
20 eligible for purchase are restricted to stocks which, except for bank  
21 stocks and insurance stocks, are listed upon an exchange registered with  
22 the Federal Securities and Exchange Commission.

23 \* Sec. 3. AS 14.25.180(d)(5) is amended to read:

24 (5) register investments held in the retirement fund in the  
25 name of the system;

26 \* Sec. 4. AS 14.25.180(e) is repealed and re-enacted to read:

27 (e) To qualify as a mortgage which may be purchased under (b)(11),  
28 (12) or (13) of this section,

29 (1) the originating financial institution must certify that

1 the mortgage has been made in compliance with law and that liens sup-  
2 porting the mortgage have been perfected;

3 (2) the mortgage may not have been held by the originating  
4 financial institution for a period greater than 90 days.

5 \* Sec. 5. AS 14.25.180 is amended by adding new subsections to read:

6 (g) The commissioner of revenue may enter into futures contracts  
7 for the sale of investments purchased under (b) of this section only for  
8 the purpose of hedging, an existing equivalent ownership position in the  
9 investments.

10 (h) The commissioner of revenue may transfer at any time a portion  
11 of the assets of the retirement fund to a trust which is qualified under  
12 sec. 401(a) and exempt from taxation under sec. 501(a) of the Internal  
13 Revenue Code of 1954, as amended, and which is maintained as a medium  
14 for pooling a portion of the funds of pension and profit-sharing trusts  
15 for diversifying investments in real estate and interests in real  
16 estate.

17 (i) The commissioner of revenue may enter into a contract or trust  
18 agreement necessary to effectuate the transfer of assets of the retire-  
19 ment fund or to maintain the assets of the retirement fund to be trans-  
20 ferred to a trust under (h) of this section.

21 \* Sec. 6. AS 37.10.070 is repealed and re-enacted to read:

22 Sec. 37.10.070. INVESTMENT OF SURPLUS FUNDS. (a) When the  
23 commissioner of revenue determines that there is in the state treasury a  
24 surplus above an amount sufficient to meet current and projected cash  
25 expenditure needs, the surplus shall be invested at competitive national  
26 market rates unless otherwise provided by law in any of the following:

- 27 (1) obligations of, or obligations insured or guaranteed by,  
28 the United States or agencies or instrumentalities of the United States;  
29 (2) obligations secured by reserves paid in by the United

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States or agencies or instrumentalities of the United States or obligations of corporations in which the United States is a shareholder or member;

(3) certificates of deposit issued by United States domestic banks which are members of the Federal Deposit Insurance Corporation for which a generally recognized secondary market exists or which are secured fully at all times as to the payment of principal and interest in accordance with Alaska law;

(4) corporate debt securities with a minimum rating of "Baa" or the equivalent by a nationally recognized rating organization and the preferred and common stocks of companies which have paid dividends continuously for the last three years;

(5) commercial paper bearing the highest rating of a nationally recognized rating organization;

(6) securities of foreign governments, foreign governmental agencies, and foreign corporations the principal, interest or dividends of which are payable in either United States dollars or foreign currencies;

(7) bankers acceptances drawn on and accepted by banks with a combined capital and surplus aggregating at least \$200,000,000;

(8) shares of federally chartered savings and loan associations in Alaska which are fully secured at all times as to the payment of principal and interest in accordance with Alaska law;

(9) savings certificates issued by state-chartered savings and loan associations in Alaska which are fully secured at all times as to the payment of principal and interest in accordance with Alaska law;

(10) deposits with mutual savings banks in Alaska which are fully secured at all times as to the payment of principal and interest in accordance with Alaska law;

1 (11) fixed-term certificates of indebtedness of federally  
2 insured credit unions in Alaska which are fully secured at all times as  
3 to the payment of principal and interest in accordance with Alaska law;

4 (12) foreign time deposits of both United States-owned and  
5 foreign-owned banks and trust companies denominated in either United  
6 States dollars or foreign currencies.

7 (b) In making investments, the commissioner of revenue shall  
8 exercise the judgment and care under the circumstances then prevailing  
9 which an institutional investor of ordinary prudence, discretion, and  
10 intelligence exercises in the management of large investments entrusted  
11 to it not in regard to speculation but in regard to the permanent dispo-  
12 sition of funds, considering probable safety of capital as well as  
13 probable income.

14 (c) Except as provided in this section, the commissioner of revenue  
15 may

16 (1) invest and reinvest the principal and income without  
17 distinction between principal and income;

18 (2) sell, exchange, convey, transfer, or otherwise dispose of  
19 an investment of the general fund by private contract or at public  
20 auction;

21 (3) vote upon a stock, bond, or other security; give a general  
22 or special proxy or power of attorney with or without power of substitu-  
23 tion; exercise a conversion privilege, subscription right, or other  
24 option and make payments incidental to it; consent to or participate in  
25 a corporate reorganization or other change affecting corporate securi-  
26 ties, delegate discretionary power, pay an assessment or charge in  
27 connection with the delegation; and generally exercise any of the powers  
28 of an owner with respect to stocks, bonds, securities, or other invest-  
29 ments held in the general fund;

1 (4) make, execute, acknowledge, and deliver documents of  
2 transfer and conveyance and instruments necessary or appropriate to  
3 carry out the powers granted;

4 (5) register investments held in the name of the state;

5 (6) do all acts whether or not expressly authorized which are  
6 considered necessary or proper for the protection of the investments.

7 (d) The commissioner of revenue may enter into futures contracts  
8 for the sale of investments purchased under (a) of this section only for  
9 the purpose of hedging an existing equivalent ownership position in  
10 these investments.

11 (e) The commissioner of revenue may enter into contracts for  
12 services providing investment advice, custody of securities, and execu-  
13 tion of transactions, in or out of Alaska.

14 \* Sec. 7. AS 39.35.110(a) is amended to read:

15 (a) When, in the opinion of the commissioner of administration,  
16 there is on hand in the pension fund a surplus over and above a reason-  
17 ably safe amount to take care of current demands upon the fund, the  
18 surplus, or so much of it as in the judgment of the commissioner of  
19 administration is considered proper, may be invested at competitive  
20 national market rates by the commissioner of revenue in

21 [(1) BONDS OR OTHER INTEREST-BEARING OBLIGATIONS AND SECURI-  
22 TIES OF THE (A) UNITED STATES OR AN AGENCY OF THE UNITED STATES, (B) A  
23 STATE OF THE UNITED STATES, OR (C) A POLITICAL SUBDIVISION OF A STATE OF  
24 THE UNITED STATES, IF THE POLITICAL SUBDIVISION HAS A POPULATION AS  
25 SHOWN BY THE LAST FEDERAL CENSUS PRECEDING THE INVESTMENT OF NOT LESS  
26 THAN 30,000 INHABITANTS; WITH RESPECT TO POLITICAL SUBDIVISIONS OF THIS  
27 STATE, NO POPULATION LIMITATION APPLIES;

28 (2) FIRST LIEN REAL ESTATE MORTGAGE SECURITIES INSURED BY THE  
29 FEDERAL HOUSING ADMINISTRATION UNDER THE NATIONAL HOUSING ACT OF THE

1 UNITED STATES OR HELD BY THE DIVISION OF VETERANS' AFFAIRS UNDER  
2 AS 26.15, OR LOANS GUARANTEED BY THE DIVISION OF VETERANS' AFFAIRS UNDER  
3 AS 26.15.040(b);

4 (3) CORPORATION BONDS AND PREFERRED AND COMMON STOCKS AS THE  
5 COMMISSIONER OF REVENUE CONSIDERS PROPER INVESTMENTS FOR THE FUNDS;

6 (4) FIRST LIEN REAL ESTATE MORTGAGE SECURITIES HELD BY THE  
7 DEPARTMENT OF NATURAL RESOURCES UNDER AS 03.10;]

8 (5) shares of federally chartered savings and loan associa-  
9 tions in Alaska, to the extent that the [SUCH] investment is insured by  
10 the federal government or an agency of the federal government [THEREOF];

11 (6) deposits with mutual savings banks in Alaska, to the  
12 extent that the [SUCH] investment is insured by the federal government  
13 or an agency of the federal government [THEREOF];

14 (7) deposits with state and national banks in Alaska to the  
15 extent that the investment is insured by the federal government or an  
16 agency of the federal government;

17 (8) [MUTUAL FUNDS;]

18 (9) the guaranteed portion of Small Business Administration  
19 loans;

20 (10) first lien real estate mortgages guaranteed by the federal  
21 Veterans Administration;

22 (11) notes secured by mortgages of commercial or residential  
23 buildings [REAL ESTATE OR OTHER SECURITY] if the mortgages are insured  
24 by a private mortgage insurance corporation which is authorized to do  
25 business in Alaska and has combined capital, surplus and reserves aggre-  
26 gating at least \$20,000,000; however,

27 (A) no mortgage insurance is necessary for commercial  
28 loans having loan-to-value ratios of less than 50 percent and the  
29 minimum coverage of other commercial loans shall be 10 percent for

1 those having a loan-to-value ratio of 50-60 per cent and 15 percent  
2 for those having a loan-to-value ratio greater than 60 percent but  
3 no more than 75 percent, and

4 (B) no mortgage insurance is necessary for residential  
5 loans having a loan-to-value ratio of less than 70 percent and the  
6 minimum coverage of other residential loans shall be 10 percent for  
7 those having a loan-to-value ratio greater than 70 percent but less  
8 than 90 percent and 20 percent for those having a loan-to-value  
9 ratio of 90 percent;

10 (12) conventional residential mortgages if the originating  
11 financial institution retains at least 25 percent of the mortgage for a  
12 minimum of two years;

13 (13) notes secured by mortgages of commercial buildings [REAL  
14 ESTATE] if the originating financial institution retains at least 25  
15 percent of the mortgage until maturity;

16 (14) FHA guaranteed portion of business and industrial loans  
17 made under the Rural Development Act of 1972;

18 [(15) GUARANTEED PORTION OF LOANS MADE UNDER THE FEDERAL SHIP  
19 FINANCING ACT OF 1972;

20 (16) BONDS, DEBENTURES, NOTES, OR OTHER OBLIGATIONS ISSUED,  
21 GUARANTEED, OR ASSUMED AS TO BOTH PRINCIPAL AND INTEREST BY THE GOVERN-  
22 MENT OF THE DOMINION OF CANADA, OR BY ANY PROVINCE OF CANADA, OR BY ANY  
23 MUNICIPALITY OF CANADA WHICH HAS A POPULATION OF NOT LESS THAN 150,000,  
24 IF (A) THE FULL FAITH AND CREDIT OF THE ISSUER, GUARANTOR, OR ASSUMER OF  
25 THE BONDS, DEBENTURES, NOTES, OR OTHER OBLIGATIONS IS PLEDGED FOR THE  
26 PAYMENT OF PRINCIPAL AND INTEREST ON THEM, (B) THE PRINCIPAL AND INTEREST  
27 ON THEM IS PAYABLE IN UNITED STATES CURRENCY, EITHER UNCONDITIONALLY OR  
28 AT THE OPTION OF THE HOLDER, AND (C) THESE OBLIGATIONS ARE RATED A OR AN  
29 EQUIVALENT QUALITY BY A NATIONALLY RECOGNIZED RATING ORGANIZATION;]

1 (17) bankers' acceptances which are eligible for discount at  
2 the Federal Reserve Bank and [NEGOTIABLE TIME] certificates of deposit  
3 issued by United States domestic [COMMERCIAL] banks which are members of  
4 the Federal Deposit Insurance Corporation if a generally recognized  
5 secondary market exists for the certificates of deposit;

6 (18) obligations of, or obligations insured by or guaranteed  
7 by, the United States or agencies or instrumentalities of the United  
8 States;

9 (19) obligations secured by reserves paid in by the United  
10 States or agencies or instrumentalities of the United States or obliga-  
11 tions of corporations in which the United States is a shareholder or  
12 member;

13 (20) corporate debt securities with a minimum rating of "A" or  
14 an equivalent rating by a nationally recognized rating organization;

15 (21) preferred and common stock of companies which have paid  
16 dividends in each of the three years immediately preceding the invest-  
17 ment;

18 (22) commercial paper bearing the highest rating of a nation-  
19 ally recognized rating organization;

20 (23) securities of foreign governments, foreign governmental  
21 agencies, and foreign corporations the principal, interest or dividends  
22 on which are payable in either United States dollars or foreign curren-  
23 cies; however, investments under this paragraph may not exceed 15 per-  
24 cent of the total investments of the pension fund;

25 (24) foreign time deposits of both United States-owned and  
26 foreign-owned banks and trust companies denominated in either United  
27 States dollars or foreign currencies; however, investments under this  
28 paragraph may not exceed 25 percent of the total investments of the pen-  
29 sion fund;

1           (25) gold bullion if it is registered with a nationally recog-  
2 nized dealer and is certified as to fineness of at least 99.5 percent;  
3 however, investments under this paragraph may not exceed 15 percent of  
4 the total investments of the pension fund.

5 \* Sec. 8. AS 39.35.110(c) is amended to read:

6           (c) In making investments the commissioner of revenue shall exer-  
7 cise the judgment and care under the circumstances then prevailing which  
8 an institutional investor [A MAN] of ordinary prudence, discretion, and  
9 intelligence exercises in the management of large investments entrusted  
10 to it [HIS OWN AFFAIRS] not in regard to speculation but in regard to  
11 the permanent disposition of [HIS] funds, considering [THE] probable  
12 safety of capital as well as probable income [FROM THEM AS WELL AS THE  
13 PROBABLE SAFETY OF HIS CAPITAL]. However, no more than 50 percent of  
14 the pension fund may be invested at a given time in [MUTUAL FUNDS AND]  
15 corporate stocks and debt securities [BONDS], nor may [ANY] more than  
16 five percent of the voting stock of one corporation be owned. Stocks  
17 eligible for purchase are restricted to stocks which, except for bank  
18 stocks and [,] insurance stocks [, AND SHARES IN MUTUAL FUNDS], are  
19 listed upon an exchange registered with the Federal Securities and  
20 Exchange Commission.

21 \* Sec. 9. AS 39.35.110(e) is repealed and re-enacted to read:

22           (e) To qualify as a mortgage which may be purchased under (a)(11),  
23 (12), or (13) of this section,

24           (1) the originating financial institution must certify that  
25 the mortgage being sold has been made in compliance with law and that  
26 liens supporting the mortgage have been perfected;

27           (2) the mortgage may not have been held by the originating  
28 financial institution for a period greater than 90 days.

29 \* Sec. 10. AS 39.35.110 is amended by adding new subsections to read:

1 (h) The commissioner of revenue may enter into futures contracts  
2 for the sale of investments purchased under (a) of this section only for  
3 the purpose of hedging an existing equivalent ownership position in the  
4 investments.

5 (i) The commissioner of revenue may transfer at any time a portion  
6 of the assets of the retirement fund to a trust which is qualified under  
7 sec. 401(a) and exempt from taxation under sec. 501(a) of the Internal  
8 Revenue Code of 1954, as amended, and which is maintained as a medium  
9 for pooling a portion of the funds of pension and profit sharing trusts  
10 for diversifying investments in real estate and interests in real es-  
11 tate.

12 (j) The commissioner of revenue may enter into a contract or trust  
13 agreement necessary to effectuate the transfer of assets of the pension  
14 fund or to maintain the assets of the pension fund to be transferred to  
15 a trust under (i) of this section.

16 \* Sec. 11. AS 44.25 is amended by adding a new section to article 1 to  
17 read:

18 Sec. 44.25.025. ANNUAL REVIEW OF LENDING PRACTICES. The commis-  
19 sioner of revenue shall adopt regulations providing for annual review of  
20 the lending practices of financial institutions offering or participat-  
21 ing in loans which are directly or indirectly financed by the state,  
22 including loans purchased by the state in the secondary money market, or  
23 financial institutions receiving deposits of money from the state. The  
24 annual review shall provide opportunities for public review of and  
25 comment on the lending record of financial institutions managing public  
26 money and provide opportunities for the public to express local community  
27 credit needs to the commissioner of revenue. The commissioner of revenue  
28 shall consider the comments and statements from local communities in  
29 determining the eligibility of a financial institution to receive money

1 from the state and shall consider the extent to which a financial insti-  
2 tution has addressed credit needs in the communities in which it serves.  
3 Public reporting by financial institutions required under this section  
4 may not disclose the names of individual loan recipients.

5 \* Sec. 12. TRANSITION. The provision for an immediate effective date for  
6 sec. 6 of this Act does not prevent the commissioner of revenue from ful-  
7 filling general fund investment commitments made before the effective date of  
8 this Act. However, the provisions of AS 37.10.070, as amended by sec. 6 of  
9 this Act, apply to all new general fund investments committed to and made on  
10 or after the effective date of this Act.

11 \* Sec. 13. AS 03.10.054; AS 16.10.330, 16.10.550; AS 26.15.070(b); AS 44.-  
12 33.270(b), 44.33.370(b); AS 44.47.350(b); AS 45.88.040(b); AS 45.90.040(b);  
13 and AS 45.95.020(b) are repealed.

14 \* Sec. 14. AS 39.35.110(b) and (g) are repealed.

15 \* Sec. 15. Section 13 of this Act takes effect July 1, 1980.

16 \* Sec. 16. Sections 1 - 12, and 14 - 16 of this Act take effect immedi-  
17 ately in accordance with AS 01.10.070(c).

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