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1 IN THE HOUSE

2 HOUSE BILL NO. 228

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the retirement of state general
7 obligation bonds."

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

9 * Section 1. AS 37.10.070(a) is amended to read:

10 Sec. 37.10.070. USE [INVESTMENT] OF SURPLUS FUNDS. (a) When the
11 commissioner of revenue determines that there is in the state treasury
12 a surplus above an amount sufficient to meet current and projected cash
13 expenditure needs, the surplus shall be used, in accordance with appro-
14 priations for that purpose, to purchase and retire state general obliga-
15 tion bonds issued under the provisions of the State Bonding Act (AS 37.-
16 15.010 - 37.15.220). If the commissioner determines that there is a
17 surplus in excess of the amount necessary to purchase and retire out-
18 standing state general obligation bonds, that surplus shall be invested
19 at competitive national market rates unless otherwise provided by law
20 in any of the following:

21 (1) obligations of, or obligations insured or guaranteed by,
22 the United States or agencies or instrumentalities of the United States;

23 (2) obligations secured by reserves paid in by the United
24 States or agencies or instrumentalities of the United States or obliga-
25 tions of corporations in which the United States is a shareholder or
26 member;

27 (3) certificates of deposit issued by United States domestic
28 banks which are members of the Federal Deposit Insurance Corporation
29 for which a generally recognized secondary market exists or which are

1 secured fully at all times as to the payment of principal and interest
2 in accordance with Alaska law;

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

7 (5) commercial paper bearing the highest rating of a nation-
8 ally recognized rating organization;

9 (6) securities of foreign governments, foreign governmental
10 agencies, and foreign corporations the principal, interest or dividends
11 of which are payable in either United States dollars or foreign curren-
12 cies;

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

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

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

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

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

27 (12) foreign time deposits of both United States-owned and
28 foreign-owned banks and trust companies denominated in either United
29 States dollars or foreign currencies;

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(13) mortgages of the Alaska Rural Rehabilitation Corporation which secure agricultural loans, agricultural business loans, and agricultural processing loans.