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Referred: Finance

wol397s

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2

SENATE BILL NO. 218

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to purchase of foreign investments
7 by the board of trustees of the Alaska permanent
8 fund."

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

10 * Section 1. AS 37.13.120(g)(8) is amended to read:

11 (8) domestic corporate debt securities that [WHICH] are
12 rated AA or better by a nationally recognized rating service, or
13 foreign corporate debt securities of comparable quality;

14 * Sec. 2. AS 37.13.120(g)(19) is amended to read:

15 (19) certificates of deposit, term deposits, or bankers'
16 acceptances, which are issued by a United States or foreign bank or
17 trust company located in a foreign country and are denominated in
18 United States or foreign currency, if either (A) they may be readily
19 sold in a secondary market at prices reflecting fair value, or (B) the
20 issuing bank or trust company has capital and surplus at the date of
21 issue equaling at least \$100,000,000 [\$500,000,000]; investments made
22 under this paragraph are not subject to the collateral requirements
23 for domestic certificates under (m) of this section;

24 * Sec. 3. AS 37.13.120(g) is amended by adding a new paragraph to read:

25 (21) securities of foreign governments, foreign govern-
26 mental agencies, and foreign corporations the principal of which is,
27 or the interest or dividends on which are, payable in either United
28 States dollars or foreign currencies.

29 * Sec. 4. AS 37.13.120(h) is amended to read:

1 (h) The board may enter into future contracts for the sale of
2 investments purchased under (g) of this section, or for the sale of
3 foreign currencies, only for the purpose of hedging an existing equiv-
4 alent ownership position in these investments [SECURITIES].

5 * Sec. 5. AS 37.13.120(i) is amended to read:

6 (i) At the time of each investment, the aggregate investment of
7 the Alaska permanent fund in each stated category of investment may
8 not exceed the following stated percentage of the total investments of
9 the fund: mortgages under (g)(16) of this section, 15 percent; real
10 estate investments under (g)(20) of this section, 15 percent; foreign
11 certificates of deposit, foreign term deposits, and foreign bankers'
12 acceptances [OR THE EQUIVALENT] under (g)(19) of this section, 20
13 percent; securities of foreign governments, foreign governmental
14 agencies, and foreign corporations under (g)(8) and (21) of this
15 section, 20 percent; domestic corporate stocks and debt securities
16 under (g)(8), (9), and (18) of this section, 50 percent. The Alaska
17 permanent fund may at no time own more than five percent of the voting
18 stock of a corporation. Domestic stocks, except for bank and insur-
19 ance company stocks, must be listed at the date of purchase on an
20 exchange registered with the Securities and Exchange Commission.