

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2

HOUSE BILL NO. 69

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to purchase of international invest-
7 ments for the Alaska permanent fund."

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

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

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

13 * Sec. 2. AS 37.13.120(g)(9) is amended to read:

14 (9) short-term
15 (A) domestic corporate promissory notes of the highest
16 ratings assigned by a nationally recognized rating service, or
17 (B) non-domestic corporate promissory notes of compa-
18 parable quality, the interest on which may be payable in either
19 United States dollars or non-domestic currencies;

20 * Sec. 3. AS 37.13.120(g)(19) is amended to read:

21 (19) certificates of deposit, term deposits, or bankers'
22 acceptances, that are issued by a United States or non-domestic bank
23 or trust company located outside of the United States [IN A FOREIGN
24 COUNTRY] and are denominated in United States or non-domestic curren-
25 cy, if either (A) they may be readily sold in a secondary market at
26 prices reflecting fair value, or (B) the issuing bank or trust company
27 has capital, [AND] surplus, and retained earnings at the date of issue
28 equaling at least \$500,000,000; investments made under this paragraph
29 are not subject to the collateral requirements for domestic

1 certificates under (m) of this section;

2 * Sec. 4. AS 37.13.120(g) is amended by adding new paragraphs to read:

3 (21) securities of non-domestic governments and non-domestic
4 government agencies, the principal of, or interest on, which is pay-
5 able in either United States dollars or non-domestic currencies;

6 (22) securities of non-domestic corporations, including
7 common and preferred stock, whose dividends, if any, may be payable in
8 either United States dollars or non-domestic currencies.

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

10 (h) The board may enter into future contracts for the sale of
11 investments purchased under (g) of this section, or for the sale of
12 non-domestic currencies, only for the purpose of hedging an existing
13 equivalent ownership position in these investments [SECURITIES].

14 * Sec. 6. AS 37.13.120(i) is amended to read:

15 (i) [AT THE TIME OF EACH INVESTMENT, THE AGGREGATE INVESTMENT OF
16 THE ALASKA PERMANENT FUND IN EACH STATED CATEGORY OF INVESTMENT MAY
17 NOT EXCEED THE FOLLOWING STATED PERCENTAGE OF THE TOTAL INVESTMENTS OF
18 THE FUND: MORTGAGES UNDER (g)(16) OF THIS SECTION, 15 PERCENT; REAL
19 ESTATE INVESTMENTS UNDER (g)(20) OF THIS SECTION, 15 PERCENT; FOREIGN
20 CERTIFICATES OF DEPOSIT OR THE EQUIVALENT UNDER (g)(19) OF THIS SEC-
21 TION, 20 PERCENT; CORPORATE STOCKS AND DEBT SECURITIES UNDER (g)(8),
22 (9), AND (18) OF THIS SECTION, 50 PERCENT.] The Alaska permanent fund
23 may at no time own more than five percent of the voting stock of a
24 corporation. Domestic stocks, except for bank and insurance company
25 stocks, must be listed at the date of purchase on an exchange regis-
26 tered with the Securities and Exchange Commission. At the time of
27 each investment, the aggregate investment of the fund in each stated
28 category of investment may not exceed the following stated percentage
29 of the total investments of the fund:

- 1 (1) mortgages under (g)(16) of this section -- 15 percent;
2 (2) real estate investments under (g)(20) of this section --
3 15 percent;
4 (3) certificates of deposit, term deposits, or bankers'
5 acceptances under (g)(19) of this section -- 20 percent;
6 (4) securities of non-domestic governments, non-domestic
7 government agencies, and non-domestic corporations under (g)(8), (21),
8 and (22) of this section, domestic corporate stocks and debt secur-
9 ities under (g)(8) and (18) of this section, and short-term non-
10 domestic corporate promissory notes under (g)(9)(B) of this section --
11 50 percent.