

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE  
2 CS FOR HOUSE BILL NO. 69 (State Affairs)  
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 investments for the Alaska perma-  
7 nent fund; and providing for an effective date."

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 are rated AA or  
11 better by a nationally recognized rating service, or nondomestic  
12 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) nondomestic corporate promissory notes of compara-  
18 ble quality, the interest on which may be payable in either  
19 United States dollars or nondomestic 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 nondomestic bank or  
23 trust company located outside of the United States [IN A FOREIGN  
24 COUNTRY] and are denominated in United States or nondomestic currency,  
25 if either (A) they may be readily sold in a secondary market at prices  
26 reflecting fair value, or (B) the issuing bank or trust company has  
27 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 nondomestic 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 nondomestic governments, nondomestic  
7                   government agencies, and nondomestic corporations under (g)(8), (21),  
8                   and (22) of this section, domestic corporate stocks and debt securi-  
9                   ties under (g)(8) and (18) of this section, and short-term nondomestic  
10                   corporate promissory notes under (g)(9)(B) of this section - 50 per-  
11                   cent.  
12                   \* Sec. 7. This Act takes effect immediately under AS 01.10.070(c).