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1 IN THE SENATE

2

SENATE BILL NO. 27

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 by the Alaska permanent fund; and changing
8 certain requirements related to the purchase of
9 domestic investments by the Alaska permanent fund."

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

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

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

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

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

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

23 (19) certificates of deposit, term deposits, or bankers'
24 acceptances that [, WHICH] are issued by a United States or nondomes-
25 tic bank or trust company located outside of the United States [IN A
26 FOREIGN COUNTRY] and are denominated in United States or nondomestic
27 currency, if either (A) they may be readily sold in a secondary market
28 at prices reflecting fair value, or (B) the issuing bank or trust
29 company has capital, [AND] surplus, and retained earnings at the date

1 of issue equaling at least \$500,000,000; investments made under this
2 paragraph are not subject to the collateral requirements for domestic
3 certificates under (m) of this section;

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

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

8 (22) securities of nondomestic corporations, including
9 common and preferred stock, whose dividends, if any, may be payable in
10 either United States dollars or nondomestic currencies.

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

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

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

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

1 category of investment may not exceed the following stated percentage
2 of the total investments of the fund:
3 (1) mortgages under (g)(16) of this section - 15 percent;
4 (2) real estate investments under (g)(20) of this section -
5 15 percent;
6 (3) certificates of deposit, term deposits, or bankers'
7 acceptances under (g)(19) of this section - 20 percent;
8 (4) securities of nondomestic governments, nondomestic
9 government agencies, and nondomestic corporations under (g)(8), (21),
10 and (22) of this section, domestic corporate stocks and debt securi-
11 ties under (g)(8) and (18) of this section, and short-term nondomestic
12 corporate promissory notes under (g)(9)(B) of this section - 50 per-
13 cent.