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1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE
2 CS FOR SENATE BILL NO. 27 (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 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 and providing for an effective date."

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

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

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

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

17 (9) short-term

18 (A) domestic corporate promissory notes of the highest
19 ratings assigned by a nationally recognized rating service; or

20 (B) nondomestic corporate promissory notes of com-
21 parable quality, the interest on which may be payable in either
22 United States dollars or nondomestic currencies:

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

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

1 company has capital, [AND] surplus, and retained earnings at the date
2 of issue equaling at least \$500,000,000; investments made under this
3 paragraph are not subject to the collateral requirements for domestic
4 certificates under (m) of this section;

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

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

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

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

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

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

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

1 each investment the aggregate investment of the fund in each stated
2 category of investment may not exceed the following stated percentage
3 of the total investments of the fund:

4 (1) mortgages under (g)(16) of this section - 15 percent;

5 (2) real estate investments under (g)(20) of this section -
6 15 percent;

7 (3) certificates of deposit, term deposits, or bankers'
8 acceptances under (g)(19) of this section - 20 percent;

9 (4) securities of nondomestic governments, nondomestic
10 government agencies, and nondomestic corporations under (g)(8), (21),
11 and (22) of this section, domestic corporate stocks and debt securi-
12 ties under (g)(8) and (18) of this section, and short-term nondomestic
13 corporate promissory notes under (g)(9)(B) of this section - 50 per-
14 cent.

15 * Sec. 7. This Act takes effect immediately under AS 01.10.070(c).