

BY THE RULES COMMITTEE BY REQUEST OF THE LEGISLATIVE BUDGET AND AUDIT
COMMITTEE

1 IN THE SENATE

2

SENATE BILL NO. 417

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to management and investment of
7 certain state funds; and providing for an effective
8 date."

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

10 * Section 1. AS 14.25.035(d) is amended to read:

11 (d) The commissioner of administration shall report to the board
12 concerning the condition and administration of the system. The re-
13 ports shall be distributed to the members of the system. The State
14 Investment Board [COMMISSIONER OF REVENUE] shall provide reports to
15 the board on the condition and investment performance of the teachers'
16 retirement trust fund and an annual external performance review. The
17 review must be complete, understandable, and presented in acceptable
18 format according to industry patterns and customs.

19 * Sec. 2. AS 14.25.180 is amended to read:

20 Sec. 14.25.180. MANAGEMENT AND INVESTMENT OF FUND. (a) The
21 State Investment Board [COMMISSIONER OF REVENUE] is the [TREASURER OF
22 THE SYSTEM AND THE] fiduciary of the fund. In managing the fund, the
23 State Investment Board [COMMISSIONER OF REVENUE] shall

24 (1) consider the status of the fund's investments and the
25 system's liabilities on both a current and a probable future basis;

26 (2) determine the appropriate investment objectives for the
27 fund;

28 (3) establish investment policies aimed at achieving the
29 objectives; and

1 (4) act only in regard to the best financial interests of
2 the system's beneficiaries.

3 (b) The State Investment Board [COMMISSIONER OF REVENUE] may
4 invest the fund on the basis of probable total rate of return without
5 regard to the distinction between principal and income or to the
6 generation of income.

7 (c) In carrying out investment duties under this chapter, the
8 State Investment Board [COMMISSIONER OF REVENUE] has the same powers
9 and duties in regard to the teacher's retirement trust fund as are
10 provided in AS 37.10.071, except that the standard of prudence that
11 the board [COMMISSIONER] must obey under AS 37.10.071(c) shall be in
12 regard to the management of large trust investments rather than large
13 investments.

14 * Sec. 3. AS 14.40.400(b) is amended to read:

15 (b) The State Investment Board [COMMISSIONER OF REVENUE] is the
16 fiduciary of the trust fund and shall account for and invest the fund
17 as set out in AS 37.14.110(c), 37.14.160, and 37.14.170, except that
18 the board [COMMISSIONER] shall report the condition and investment
19 performance of the fund to the Board of Regents.

20 * Sec. 4. AS 18.56.095(a) is amended to read:

21 (a) There is a special fund of the state to be known as the
22 "state mortgage insurance fund," referred to in this section as
23 [(CALLED) the "mortgage insurance fund," ()] which shall be completely
24 segregated and set apart from all other funds of the state, and which
25 is a trust fund for the uses and purposes of this section and into and
26 from which money shall be paid as provided in this section. The mort-
27 gage insurance fund shall be held by the State Investment Board [COM-
28 MISSIONER OF REVENUE], subject to the power of the commissioner of
29 commerce and economic development to enter into and perform agreements

1 with respect to the use of money in the mortgage insurance fund and to
2 pledge, assign, or grant interests in the mortgage insurance fund as
3 provided in this section. The commissioner of commerce and economic
4 development may enter into agreements with the corporation with re-
5 spect to the exercise of any power or approval relating to the mort-
6 gage insurance fund under this section, including, without limitation,
7 agreements as to the use of money in the mortgage insurance fund,
8 agreements with respect to the terms and conditions upon which pay-
9 ments from the mortgage insurance fund shall be made to the corpo-
10 ration with respect to mortgage loans insured under this section, and
11 agreements regarding the payment of and security for mortgage insur-
12 ance bonds, and in connection with these agreements the commissioner
13 of commerce and economic development may pledge, assign, or grant
14 other interests in the mortgage insurance fund to the corporation as
15 may be necessary or appropriate in connection with the insurance of
16 mortgage loans and to provide for the payment of and security for
17 mortgage insurance bonds. An [ANY SUCH] agreement or [ANY OF] the
18 rights of the corporation under the agreement and payments received or
19 to be received under the agreement may be pledged or assigned by the
20 corporation for the benefit of the holders of mortgage insurance
21 bonds.

22 * Sec. 5. AS 18.56.095(b) is amended to read:

23 (b) In addition to any other fees and charges that the corpo-
24 ration may charge on mortgage loans, it may collect or cause to be
25 collected on all mortgage loans made or purchased with the proceeds of
26 the sale of mortgage insurance bonds, either or both a special mort-
27 gage loan insurance commitment fee or a mortgage loan insurance pre-
28 mium. The special mortgage loan insurance commitment fees and special
29 mortgage loan insurance premiums when received shall be deposited in

1 the mortgage insurance fund by the corporation, or by any mortgage
2 loan servicer, trustee, or agent designated by the corporation to
3 receive them, and shall be held, invested and, together with all
4 investment income derived from them, reinvested by the State Invest-
5 ment Board [COMMISSIONER OF REVENUE] as set out in AS 37.10.071,
6 subject to any agreement with the corporation under (a) of this sec-
7 tion.

8 * Sec. 6. AS 22.25.048(c) is amended to read:

9 (c) The State Investment Board [COMMISSIONER OF REVENUE] is the
10 [TREASURER OF THE SYSTEM AND THE] fiduciary of the fund and has the
11 same powers and duties under this section in regard to the judicial
12 retirement trust fund as are provided in AS 14.25.180.

13 * Sec. 7. AS 26.05.228(c) is amended to read:

14 (c) The State Investment Board [COMMISSIONER OF REVENUE] is the
15 [TREASURER OF THE SYSTEM AND THE] fiduciary of the fund and has the
16 same powers and duties under this section in regard to the fund as are
17 provided under AS 14.25.180.

18 * Sec. 8. AS 36.30.850(b) is amended to read:

19 (b) This chapter applies to every expenditure of state money by
20 the state, acting through an agency, under a contract, except that
21 this chapter does not apply to

22 (1) grants;

23 (2) contracts for professional witnesses to provide for
24 professional services or testimony relating to existing or probable
25 lawsuits in which the state is or may become a party;

26 (3) contracts of the University of Alaska where the work is
27 to be performed substantially by students enrolled in the university;

28 (4) contracts for medical doctors and dentists;

29 (5) acquisitions or disposals of real property or interest

1 in real property, except as provided in AS 36.30.080;

2 (6) disposals under AS 38.05;

3 (7) contracts for the preparation of ballots under AS 15.-

4 15.030;

5 (8) acquisitions or disposals of property and other con-

6 tracts relating to airports under AS 02.15.070, 02.15.090, and 02.-

7 15.091;

8 (9) disposals of obsolete property under AS 19.05.060;

9 (10) disposals of obsolete material or equipment under

10 AS 35.20.060;

11 (11) agreements with providers of services under AS 44.47.-

12 250; AS 47.07; AS 47.08; AS 47.10; AS 47.17; AS 47.24; AS 47.25.195,

13 and 47.25.310;

14 (12) contracts of the Department of Fish and Game for

15 flights that involve specialized flying and piloting skills and are

16 not point-to-point;

17 (13) purchases of income-producing assets for the state

18 treasury or a public corporation of the state;

19 (14) operation of the state boarding school established

20 under AS 14.16, if the State Board of Education or the commissioner of

21 education adopts regulations for use by the state boarding school in

22 procurement and contracting;

23 (15) a contract that is a delegation, in whole or in part,

24 of investment powers held by the State Investment Board [COMMISSIONER

25 OF REVENUE] under AS 14.25.180, AS 14.40.400, AS 14.42.200, 14.42.210,

26 AS 18.56.095, AS 22.25.048, AS 26.05.228, AS 37.10.070, 37.10.071,

27 AS 37.14, or AS 39.35.080;

28 (16) a contract that is a delegation, in whole or in part,

29 of investment powers of the Board of Trustees of the Alaska Permanent

1 Fund Corporation under AS 37.13;

2 (17) the purchase of books, book binding services, newspa-
3 pers, periodicals, audio-visual materials, network information ser-
4 vices access, approval plans, professional memberships, archival
5 materials, objects of art, and items for museum or archival acquisi-
6 tion having cultural, historical, or archaeological significance; in
7 this paragraph

8 (A) "approval plans" means book selection services in
9 which current book titles meeting an agency's customized speci-
10 fications are provided to the agency subject to the right of the
11 agency to return those books that do not meet with the agency's
12 approval;

13 (B) "archival materials" means the noncurrent records
14 of an agency that are preserved after appraisal because of their
15 value;

16 (C) "audio-visual materials" means nonbook prerecorded
17 materials, including records, tapes, slides, transparencies,
18 films, filmstrips, cassettes, videos, compact discs, laser discs,
19 and items that require the use of equipment to render them us-
20 able;

21 (D) "network information services" means a group of
22 resources from which cataloging information, holdings records,
23 inter-library loans, acquisitions information, and other refer-
24 ence resources can be obtained;

25 (18) contracts for the purchase of standardized examinations
26 for licensure under AS 08;

27 (19) contracts for home health care and adult residential
28 and foster care services provided under regulations adopted by the
29 Department of Health and Social Services;

1 (20) contracts for supplies or services for research
2 projects funded by money received from the federal government or
3 private grants; or

4 (21) guest speakers or performers for an educational or
5 cultural activity.

6 * Sec. 9. AS 37.05.540(d) is amended to read:

7 (d) The State Investment Board [DEPARTMENT OF REVENUE] shall
8 manage and invest assets of the budget reserve fund in the manner set
9 out for the management and investment of the assets of the general
10 fund under AS 37.10.070. Income from investment of the budget reserve
11 fund may be appropriated to the fund each year by law.

12 * Sec. 10. AS 37.10.070 is amended to read:

13 Sec. 37.10.070. INVESTMENT OF RESIDUAL MONEY. (a) The board
14 [COMMISSIONER] shall invest, as set out in AS 37.10.071, the money in
15 the state treasury above an amount sufficient to meet immediate expen-
16 diture needs. In managing the invested assets, the board [COMMIS-
17 SIONER] shall

18 (1) consider the status of the assets and liabilities on
19 both a current and a probable future basis;

20 (2) determine the appropriate investment objectives;

21 (3) establish investment policies to achieve the objec-
22 tives; and

23 (4) act only in regard to the best financial interests of
24 the state.

25 (b) The board [COMMISSIONER] may invest on the basis of probable
26 total rate of return without regard to the distinction between princi-
27 pal and income and without regard to the generation of income.

28 (c) In this section, "board" means the State Investment Board
29 ["COMMISSIONER" MEANS THE COMMISSIONER OF REVENUE].

1 * Sec. 11. AS 37.10.071 is amended to read:

2 Sec. 37.10.071. INVESTMENT POWERS AND DUTIES. (a) In making
3 investments under this section, the board [COMMISSIONER OF REVENUE]
4 shall

5 (1) act as official custodian of cash and investments by
6 securing adequate and safe custodial facilities for them;

7 (2) receive all items of cash and investments;

8 (3) collect and deposit the principal of and income from
9 owned or acquired investments;

10 (4) invest and reinvest the assets in accordance with this
11 section;

12 (5) receive and spend appropriations to cover the cost of
13 the exercise of duties under this section;

14 (6) exercise the powers of an owner with respect to the
15 assets;

16 (7) perform all acts, not prohibited by this section,
17 whether or not expressly authorized, that the board [COMMISSIONER]
18 considers necessary or proper in administering the assets;

19 (8) maintain accounting records in accordance with gener-
20 ally accepted [INVESTMENT] accounting principles;

21 (9) engage an independent certified public accountant to
22 conduct an annual audit of the financial condition and investment
23 transactions;

24 (10) enter into and enforce contracts or agreements con-
25 sidered necessary, convenient, or desirable for the investment pur-
26 poses of this section; and

27 (11) when choosing to acquire or dispose of investments,
28 secure competitive national or international market rates or prices,
29 or the equivalence of those rates or prices in the judgment of the

1 board [COMMISSIONER].

2 (b) Under this section, the board or the board's [COMMISSIONER
3 OR THE COMMISSIONER'S] designee may

4 (1) delegate investment, custodial, or depository authority
5 on a discretionary or nondiscretionary basis to officers or employees
6 of the state or to independent firms, banks, or trust companies, by
7 designation through appointments, contracts, or letters or authority;

8 (2) acquire or dispose of investments either directly,
9 indirectly, or through investment pools or trusts, by competitive or
10 negotiated agreements, contracts, or auctions, in public or private
11 markets;

12 (3) concentrate or diversify investments as the board
13 [COMMISSIONER] considers appropriate to increase the probable total
14 rate of return or to decrease the overall exposure to potentially
15 adverse market value risks;

16 (4) protect the market value or the rate of return of the
17 investments by entering into forward agreements to buy or sell assets
18 at a future date as a hedge against existing held assets or as a
19 precommitment of future cash flows;

20 (5) lend assets, under an agreement and for a fee, against
21 deposited collateral of equivalent market value;

22 (6) borrow assets on a short-term basis, under an agreement
23 and for a fee, against the deposit of collateral consisting of other
24 assets in order to accommodate temporary cash or investment needs;

25 (7) hold investments in bearer or registered form in the
26 name of the state, a fund, or nominees authorized by the board [COM-
27 MISSIONER];

28 (8) utilize consultants, advisors, custodians, investment
29 services, and legal counsel for assistance in investment matters on

1 either a continuing or a limited-term basis and with or without
2 compensation;

3 (9) declare records to be confidential and exempt from
4 AS 09.25.110 and 09.25.120 if the records contain information that
5 discloses the particulars of the business or the affairs of a private
6 enterprise, investor, borrower, advisor, consultant, counsel, or
7 manager.

8 (c) In exercising investment, custodial, or depository powers or
9 duties under this section, the board [COMMISSIONER] shall exercise the
10 judgment and care under the circumstances then prevailing that an
11 institutional investor of ordinary professional prudence, discretion,
12 and intelligence exercises in managing large investments with consid-
13 eration for the purpose of the fund, the investment objectives, the
14 continuing disposition of the fund's investments, and the probable
15 safety of the capital as well as the probable investment returns.

16 (d) In exercising investment, custodial, or depository powers or
17 duties under this section, the board or the board's [COMMISSIONER OR
18 A] designee [OF THE COMMISSIONER] is liable for a breach of a duty
19 that is assigned or delegated under this section, or under AS 14.25.-
20 180, AS 14.40.400(b), AS 37.10.070, AS 37.14.110(c), 37.14.160, 37.-
21 14.170, or AS 39.35.080. However, the board or the board's [COMMIS-
22 SIONER OR THE COMMISSIONER'S] designee is not liable for a breach of a
23 duty that has been delegated to another person if the delegation is
24 prudent under the applicable standard of prudence set out in statute
25 or if the duty is assigned by law to another person, except to the
26 extent that the board [COMMISSIONER] or designee

27 (1) knowingly participates [PARTICIPATE] in, or knowingly
28 undertakes to conceal, an act or omission of another person, knowing
29 that the act or omission is a breach of that person's duties under

1 this chapter;

2 (2) by failure to comply with this section in the adminis-
3 tration of specific responsibilities, enables another person to commit
4 a breach of duty; or

5 (3) has knowledge of a breach of duty by another person,
6 unless the board [COMMISSIONER] or designee makes reasonable efforts
7 under the circumstances to remedy the breach.

8 (e) The state shall defend and indemnify the board [COMMIS-
9 SIONER] or an officer or employee of the state against liability under
10 (d) of this section to the extent that the alleged act or omission was
11 performed in good faith and was prudent under the applicable standard
12 of prudence.

13 (f) In this section, "board" ["COMMISSIONER OF REVENUE" OR
14 "COMMISSIONER"] means

15 (1) the State Investment Board [COMMISSIONER OF REVENUE]
16 for investments under AS 14.25.180 or AS 37.10.070; or

17 (2) the person or body provided by law to manage the in-
18 vestments, for investments not subject to AS 14.25.180 or AS 37.10.-
19 070.

20 * Sec. 12. AS 37.10 is amended by adding new sections to read:

21 ARTICLE 5. STATE INVESTMENT BOARD.

22 Sec. 37.10.210. STATE INVESTMENT BOARD. (a) There is estab-
23 lished in the Department of Revenue the State Investment Board. The
24 purpose of the board is to manage and invest, with the assistance of
25 the Department of Revenue, state funds and revenue.

26 (b) The board consists of nine members:

27 (1) two members who are members of the Teachers' Retirement
28 Board, nominated by that board and appointed by the governor;

29 (2) two members who are members of the Public Employees'

1 Retirement Board, nominated by that board and appointed by the
2 governor;

3 (3) the commissioner of revenue;

4 (4) the commissioner of administration;

5 (5) three public members, appointed by the governor.

6 (c) The public members must have recognized competence and wide
7 experience in finance, investments, or other business management-
8 related fields. A public member may not hold another state or federal
9 office, position, or employment, either elective or appointive, except
10 as a member of the armed forces of either the United States or of this
11 state. The public members of the board shall be appointed for stag-
12 gered terms of six years and may be reappointed to the board.

13 (d) The governor may remove a public member of the board from
14 office. A removal by the governor must be in writing and must state
15 the reason for the removal. After a member receives written notice of
16 removal from the governor, the member may not participate in board
17 business and may not be counted for purposes of establishing a quorum.

18 (e) A vacancy on the board shall be promptly filled in the same
19 manner as the seat was originally filled. An appointee to a vacancy
20 holds office for the balance of the unexpired term of the appointee's
21 predecessor. A vacancy on the board does not impair the authority of
22 a quorum of the board to exercise all the powers and perform all the
23 duties of the board.

24 (f) The board shall annually elect a chair from among its mem-
25 bers.

26 (g) Five members of the board constitute a quorum for the trans-
27 action of business and the exercise of the powers and duties of the
28 board.

29 (h) A member of the board may receive a per diem allowance and

1 transportation expenses in carrying out the duties set out in this
2 chapter.

3 Sec. 37.10.220. POWERS AND DUTIES OF THE BOARD. (a) The board
4 shall

5 (1) hold regular and special meetings at the call of the
6 chair or of at least five of the members;

7 (2) invest and manage all state funds whose investment and
8 management is not specifically provided for by another law;

9 (3) submit long-range and quarterly investment reports to
10 the Legislative Budget and Audit Committee;

11 (4) report to the governor and the legislature by Septem-
12 ber 30 of each year concerning the investment of state funds.

13 (b) The board may

14 (1) employ outside investment advisors to review investment
15 policies and make recommendations to the board;

16 (2) establish investment policies for the funds;

17 (3) engage independent certified public accountants to
18 audit the funds for which the board is responsible and to report to
19 the board with the results of the audit;

20 (4) contract with external performance evaluators to review
21 the performance of each fund managed or invested by the board and
22 report to the board and to the other boards directly responsible for
23 the activities supported by the fund on the fund's condition;

24 (5) do all acts necessary, convenient, or desirable to
25 carry out the powers expressly granted or necessarily implied in this
26 chapter.

27 Sec. 37.10.230. CONFLICTS OF INTEREST. (a) Members of the
28 board are subject to the provisions of AS 39.50.

29 (b) If a member of the board or an employee of the board ac-

1 quires, owns, or controls an interest, direct or indirect, in an
2 entity or project in which assets under the control of the board are
3 invested, the member shall immediately disclose the interest to the
4 board. The disclosure is a matter of public record and shall be
5 included in the minutes of the board meeting next following the dis-
6 closure.

7 Sec. 37.10.240. REGULATIONS. The board may adopt regulations
8 under the Administrative Procedure Act (AS 44.62).

9 * Sec. 13. AS 37.14.110(c) is amended to read:

10 (c) The State Investment Board [COMMISSIONER OF REVENUE] shall
11 account for the fund in accordance with generally accepted accounting
12 principles and shall determine the net income of the fund [IN ACCOR-
13 DANCE WITH INVESTMENT ACCOUNTING PRINCIPLES AND] in a manner that
14 preserves the distinction between principal and income and that ex-
15 cludes capital gains or losses realized on principal. The principal
16 of the fund and the capital gains or losses realized on principal
17 shall be perpetually retained in the fund for investment purposes.

18 * Sec. 14. AS 37.14.140 is amended to read:

19 Sec. 37.14.140. UTILIZATION OF INCOME. The net income of the
20 fund may not be appropriated for a purpose other than the support of
21 the state public school program. The State Investment Board [COMMI-
22 SIONER OF REVENUE] shall invest realized net income that has not been
23 appropriated or that has been appropriated but not expended until the
24 income is appropriated and expended.

25 * Sec. 15. AS 37.14.160 is amended to read:

26 Sec. 37.14.160. DUTIES OF THE STATE INVESTMENT BOARD [COMMI-
27 SIONER OF REVENUE]. The State Investment Board [COMMISSIONER OF
28 REVENUE] is the treasurer of the trust fund created in AS 37.14.110
29 and shall

1 (1) exercise the powers and duties established in
2 AS 14.25.180(c);

3 (2) deposit the principal and income from investments in
4 separate principal and income accounts for the fund;

5 (3) invest and maintain accounting records that distinguish
6 between the principal and income of the fund;

7 (4) provide reports to the board established under AS 37.-
8 14.120 on the condition and investment performance of the fund.

9 * Sec. 16. AS 37.14.170 is amended to read:

10 Sec. 37.14.170. INVESTMENTS. The State Investment Board [COM-
11 MISSIONER OF REVENUE] is the fiduciary of the trust fund and shall
12 invest the fund to provide increasing net income over long-term peri-
13 ods to the fund's income beneficiaries. The board [COMMISSIONER] may
14 invest the money in the fund on the basis of probable total rate of
15 return to promote the long-term generation of income. In managing the
16 trust fund, the board [COMMISSIONER] shall

17 (1) consider the status of the fund's capital and the
18 income generated on both a current and a probable future basis;

19 (2) determine the appropriate investment objectives;

20 (3) establish investment policies to achieve the objec-
21 tives; and

22 (4) act only in regard to the financial interests of the
23 fund's beneficiaries.

24 * Sec. 17. AS 37.14.200(c) is amended to read:

25 (c) The net income of the fund shall be determined by the State
26 Investment Board [COMMISSIONER OF REVENUE] in accordance with gener-
27 ally accepted [INVESTMENT] accounting principles. However, the board
28 shall preserve [AND IN A MANNER THAT PRESERVES] the distinction be-
29 tween principal and income.

1 * Sec. 18. AS 37.14.210 is amended to read:

2 Sec. 37.14.210. POWERS AND DUTIES OF THE STATE INVESTMENT BOARD
3 [COMMISSIONER OF REVENUE]. The State Investment Board [COMMISSIONER
4 OF REVENUE] is the fiduciary [TREASURER] of the fund and has the power
5 and duty to:

6 (1) act as official custodian of the cash and investments
7 belonging to the fund by securing adequate and safe custodial facil-
8 ities;

9 (2) receive all items of cash and investments belonging to
10 the fund;

11 (3) collect the principal and income from investments owned
12 or acquired by the fund and deposit the amounts in separate principal
13 and income accounts for the fund;

14 (4) invest and reinvest the assets of the fund as provided
15 in this section and as provided for the investment of funds under
16 AS 14.25.180(c) and AS 37.14.170;

17 (5) exercise the powers of an owner with respect to the
18 assets of the fund;

19 (6) maintain accounting records of the fund in accordance
20 with generally accepted [INVESTMENT] accounting principles; however,
21 the board shall preserve the [AND WITH] distinction between the prin-
22 cipal and income accounts of the fund;

23 (7) engage an independent firm of certified public accoun-
24 tants to annually audit the financial condition of the fund's invest-
25 ments and investment transactions;

26 (8) enter into and enforce contracts or agreements con-
27 sidered necessary for the investment purposes of the fund;

28 (9) report to the board the condition and investment per-
29 formance of the fund;

1 (10) do all acts, whether or not expressly authorized, that
2 the State Investment Board [COMMISSIONER OF REVENUE] considers neces-
3 sary or proper in administering the assets of the fund.

4 * Sec. 19. AS 39.30.095(d) is amended to read:

5 (d) If the commissioner of administration determines that there
6 is more money in the fund than the amount needed to pay premiums or
7 benefits for the current fiscal year, the surplus, or so much of it as
8 the commissioner of administration considers advisable, may be in-
9 vested by the State Investment Board [COMMISSIONER OF REVENUE] in the
10 same manner as retirement funds are invested under AS 14.25.180.

11 * Sec. 20. AS 39.30 is amended by adding a new section to read:

12 Sec. 39.30.175. INVESTMENT OF BENEFIT PROGRAM RECEIPTS. The
13 State Investment Board is the fiduciary of the receipts of the employ-
14 ee benefits program established under AS 39.30.150 - 39.30.180 and has
15 the same powers and duties concerning the management and investment in
16 regard to those receipts as are provided under AS 14.25.180.

17 * Sec. 21. AS 39.35.020 is amended to read:

18 Sec. 39.35.020. ADMINISTRATION. The commissioner of administra-
19 tion is responsible for the administration of the system and for
20 carrying out this chapter. In addition the commissioner shall

- 21 (1) maintain the accounts of the system;
- 22 (2) make payments for the various purposes specified;
- 23 (3) submit periodic reports or statements of account that
24 are needed;
- 25 (4) issue a statement of account to an employee requesting
26 it showing the amount of the employee's contributions to the system;
- 27 (5) as soon as possible after the close of each fiscal
28 year, and not later than six months after the close of each fiscal
29 year, send to the governor, the legislature, and the board an annual

1 statement on the operations of the system containing

2 (A) a balance sheet;

3 (B) a statement of income and expenditures for the
4 year;

5 (C) a report on an actuarial valuation of its assets
6 and liabilities;

7 (D) a summary of assets held in the pension fund
8 listed by the categories of investment, as provided by the State
9 Investment Board [COMMISSIONER OF REVENUE];

10 (E) other statistical financial data that are neces-
11 sary for a proper understanding of the financial condition of the
12 system and the result of its operations;

13 (6) establish a public employees retirement trust fund in
14 which the assets of the system shall be deposited and held;

15 (7) engage an independent certified public accountant to
16 conduct an annual audit of the system's accounts and the annual report
17 of the system's financial condition and activity;

18 (8) report to the board concerning the condition and admin-
19 istration of the system and distribute the report to the members of
20 the system.

21 * Sec. 22. AS 39.35.080 is amended to read:

22 Sec. 39.35.080. DUTIES OF THE STATE INVESTMENT BOARD [COMMI-
23 SIONER OF REVENUE]. The State Investment Board [COMMISSIONER OF
24 REVENUE] is the [TREASURER OF THE SYSTEM AND THE] fiduciary of the
25 fund. The board [COMMISSIONER] has the same powers and duties estab-
26 lished under this chapter in regard to the fund as are provided in
27 AS 14.25.035(d) and 14.25.180.

28 * Sec. 23. AS 39.45.030(a) is amended to read:

29 (a) The State Investment Board [ADMINISTRATOR OF THE STATE OR

1 POLITICAL SUBDIVISION DEFERRED COMPENSATION PROGRAM] is authorized,
2 subject to contracts with individual employees, to invest the funds
3 held under a deferred compensation program in

4 (1) fixed and variable life insurance and annuity contracts
5 or other contracts issued by life insurance companies;

6 (2) shares of or deposits in insured state or federal
7 chartered credit unions in the state;

8 (3) shares of or deposits in insured state or federal
9 chartered savings and loan associations in the state;

10 (4) deposits in insured mutual savings banks in the state;

11 (5) deposits in insured state and national banks in the
12 state; and

13 (6) multi-employer trusts established for investment of
14 deferred compensation assets of state and local governments.

15 * Sec. 24. AS 39.50.200(b) is amended by adding a new paragraph to
16 read:

17 (50) State Investment Board (AS 37.10.210).

18 * Sec. 25. AS 43.23.015(e) is amended to read:

19 (e) If a public agency claims a permanent fund dividend on
20 behalf of an individual, the public agency shall hold the dividend in
21 trust for the individual. Money held in trust under this subsection
22 shall be invested by the State Investment Board under [COMMISSIONER IN
23 ACCORDANCE WITH] AS 37.10.070.

24 * Sec. 26. AS 43.23.045(a) is amended to read:

25 (a) The dividend fund is established as a separate fund in the
26 state treasury. The dividend fund shall be administered by the com-
27 missioner and shall be invested by the State Investment Board [COMMIS-
28 SIONER] in the same manner as provided in AS 37.10.070.

29 * Sec. 27. AS 44.25.020 is amended to read:

1 Sec. 44.25.020. DUTIES OF DEPARTMENT. The Department of Revenue
2 shall

3 (1) enforce the tax laws of the state;

4 (2) collect, account for, and have custody of [, INVEST,
5 AND MANAGE] all state funds and all revenues of the state except
6 revenues incidental to a program of licensing and regulation carried
7 on by another state department;

8 (3) register cattle brands;

9 (4) supply necessary clerical and administrative services
10 for the Alcoholic Beverage Control Board and the State Investment
11 Board; and

12 (5) implement the investment and management policies and
13 directives of the State Investment Board [INVEST AND MANAGE THE BAL-
14 ANCE OF THE POWER DEVELOPMENT FUND IN ACCORDANCE WITH AS 44.83.386].

15 * Sec. 28. AS 44.83.386 is amended to read:

16 Sec. 44.83.386. INVESTMENT OF FUND. The State Investment Board
17 [DEPARTMENT OF REVENUE] shall invest the money in the fund in accor-
18 dance with AS 37.10.070, 37.10.071, and 37.10.075. The board [DEPART-
19 MENT OF REVENUE] shall provide money in the fund to the authority only
20 after costs have been incurred or amounts in the fund have been other-
21 wise obligated under contracts for the acquisition and construction of
22 a project. Amounts that have been obligated, but for which costs have
23 not yet been incurred, may be segregated by the Department of Revenue
24 or transferred to the authority only with the prior approval or agree-
25 ment of the commissioner of revenue. Income received on money that is
26 segregated or transferred under this section must be deposited in the
27 general fund.

28 * Sec. 29. AS 46.11.050(b) is amended to read:

29 (b) A [AFTER DECEMBER 31, 1980, A] financial institution that

1 makes home mortgage loans with money provided to it by the State
2 Investment Board [COMMISSIONER OF REVENUE] from surplus state general
3 fund investments authorized by AS 37.10.070, or a state agency that
4 [WHICH] makes a direct home mortgage loan to an applicant, shall
5 include estimated heating and lighting costs as determined by an
6 energy audit in standard principal, interest, taxes and insurance
7 calculation of the cost of buying a housing unit. An applicant for a
8 home mortgage loan shall provide the financial institution or the
9 state agency with a copy of an energy audit.

10 * Sec. 30. TRANSITION. All litigation, hearings, investigations, and
11 other proceedings pending under a law amended or repealed by this Act, or
12 in connection with functions transferred by this Act, continue in effect
13 and may be continued and completed notwithstanding a transfer, ~~amendment~~,
14 or repeal provided for in this Act. Orders and regulations issued or
15 adopted under authority of a law amended or repealed by this Act remain in
16 effect for the term issued, or until revoked, vacated, or otherwise mod-
17 ified under the provisions of this Act. All contracts, rights, liabilities
18 and obligations created by or under a law amended or repealed by this Act,
19 and in effect on the effective date of this Act, remain in effect notwith-
20 standing this Act's taking effect. Records, equipment, and other property
21 of agencies of the state whose functions are transferred under this Act
22 shall be transferred commensurate with the provisions of this Act.

23 * Sec. 31. The State Investment Board may hold organizational meetings
24 as soon as a quorum of the board has been appointed to or selected for the
25 board.

26 * Sec. 32. AS 37.10.210, 37.10.230, and 37.10.240, enacted by sec. 12
27 of this Act, and sec. 31 of this Act take effect immediately under AS 01.-
28 10.070(c).

29 * Sec. 33. Except for those sections that take effect under sec. 32 of

1 this Act, this Act takes effect January 1, 1991.