

**SB**

**131**

**SFIN**

**FILE**

**SENATE COMMITTEE REPORT**  
**First Committee of Referral**

DATE: 3/15/95

FURTHER: Finance

*YWR* Date of 5-Day Notice: 3/16/95  
 (in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 3-22-95

Labor and Commerce Committee considered SB 131

Investments by fiduciaries.

*phi*

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to the \_\_\_\_\_ Committee

Senate Bill:

same title

new title

House Bill:

same title

technical title

new: SCR# \_\_\_\_\_

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
		<i>Mark Miller</i>	✓		
		<i>John Foreman</i>	✓		
		<i>John Foreman</i>	✓		
		<i>Judith E. Sale</i>	✓		
CHAIR: <i>T. Kelly</i>	X				

**NEW FISCAL NOTE(S):**

Department      Date      Zero      Fiscal

<i>Commerce &amp; Economic Dev.</i>	<i>3/21/95</i>	✓	

**PREVIOUS FISCAL NOTE(S):\***

Department      Date      Zero      Fiscal


APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill

**POSITION PAPER**

Department of Commerce  
& Economic Development

SB 131


The department supports the passage of SB 131. Passage of this bill would bring Alaska in line with Northwest States in terms of common trusts, activity with affiliates, and use of mutual funds.

Section 1 (AS 06.35.010) updates Alaska law to allow the use of common trust established by either itself or its affiliates. In the situation in interstate banking, this will allow the use of an affiliate's trust departments outside the state. These provisions are found in both Washington and Oregon and in line with the Revised Uniform Common Trust Fund Act.

Section 4 (AS 13. New Chapter 90). This will allow the fiduciary the latitude to use defined mutual funds as investments and recognizes that affiliate's proprietary mutual funds are acceptable.

The department endorses the intent of the bill to update Alaska law and provide management the tools to service their trust customers.

The department expects that there will be no additional cost to regulating this industry should this legislation pass.

  
\_\_\_\_\_  
William L. Hensley, Commissioner

Date: April 18 1995

# SENATE FINANCE COMMITTEE REPORT

DATE: 3/22/95

FURTHER:

DATE TURNED INTO OFFICE: 4-21-95

The Finance Committee considered SENATE BILL NO. 131

"An Act relating to investments by fiduciaries."

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to the \_\_\_\_\_ Committee

Senate Bill  
 same title  
 new title  
 House Bill  
 same title  
 technical change  
 new: SCR \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	
<i>Steve Rios</i>	✓	<i>Roll E. Roll</i>	✓		
		<i>1. ...</i>	✓		
		<i>...</i>	✓		
		<i>...</i>	✓		
Co-Chair:		<i>Rich Halford</i>	✓		
Co-Chair:					

**NEW FISCAL NOTE(S):**

Department                      Date      Zero      Fiscal


**PREVIOUS FISCAL NOTE(S):\***

Department                      Date      Zero      Fiscal

#1 SC+ED	7/95	0	

APPROPRIATION -- no fiscal note

\*Include fiscal notes accompanying Governor's Budget

# FISCAL NOTE

#1

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

BILL NO. SB 131

Revision Date: \_\_\_\_\_  
 Title: Investments by Fiduciaries  
 Sponsor: Senate Labor & Commerce  
 Requestor: \_\_\_\_\_

Department Affected: Commerce and Economic Development  
 BRU: Banking, Securities and Corporations  
 Component: Banking, Securities and Corporations  
 COMPONENT SERIAL NO. 1239

**Expenditures/Revenues:** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
<b>TOTAL OPERATING</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>CAPITAL EXPENDITURES</b>	0	0	0	0	0	0
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<b>CHANGE IN REVENUES ( )</b>	0	0	0	0	0	0
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimate of current year (FY 95) cost: \$ 0

**POSITIONS**

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Willa F. Kirkpatrick, Director  
 Division: Banking, Securities and Corporations  
 Approved by Commissioner: William L. Harris  
 Agency: Commerce and Economic Development

Phone: 465-2521  
 Date: \_\_\_\_\_  
 Date: 3/21/95

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### Sponsor Statement SB 131

### *"Relating to investments by fiduciaries."*

SB 131 seeks changes to the Alaska Code that will enhance the ability to invest Alaska trust customers money. The changes sought by SB 131 will allow investments in mutual funds and expand usage of common funds.

The involved sections of Alaska law and the changes proposed by SB 131 are outlined below.

**AS 06.35.010** The changes to this section will allow an Alaska bank or trust company to use common trust funds that may be established by either itself or its affiliates. This would expand potential investment opportunities for the Alaskan consumer and would bring the current statutes more in line with the Revised Uniform Common Trust Fund Act. Commingling of trust fund investments in common funds is recognized as a cost efficient method of achieving diversification and minimizing risk for all fiduciary accounts while maintaining lower costs for the customer.

**AS 13.90.010** This new section will be added to provide that a fiduciary may invest customer funds in mutual funds and in proprietary mutual funds. A proprietary mutual fund is one that is also managed by the fiduciary.

The use of mutual funds is widely recognized under other states laws. Mutual funds represent an efficient method of achieving diversification, better liquidity, and minimizing risk for fiduciary accounts.

**AS 13.46.113(b)** This section has been amended to allow investments for custodians within the custodial relationship where permitted in the custodian's discretion.

**AS 13.60.060(b)** This section is amended to expand investments for custodians within the custodial relationship.