

ALASKA LEGISLATURE COMMITTEE BILL FILES - 1987 - 1988 8879

HB 216 thru HB 219 298

HB

216

HOUSE COMMITTEE REPORT

(11)

Date referred: 4/27/87

FURTHER REFERRALS:

DATE: 5-13-87

The Finance Committee has considered HB 216

"An Act relating to game farming."

RECOMMENDS:

- replace with _____ the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact
- zero fiscal note
- zero with analysis
- same as previous fiscal note published 2-27-87
- same as previous zero fiscal note published _____

SIGNING DO PASS:

ADAMS [Signature]

POURCHOT [Signature]

LARSON [Signature]

SWACK-HAMMER [Signature]

BOYER [Signature] / but sounds like a lark to me!

RIEGER [Signature]

FRANK [Signature]

BROWN [Signature]

DAVIS [Signature]

SIGNING OTHER RECOMMENDATIONS:

[Signature]
Chairman's signature

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: _____

Bill Version: HB 216
Publish Date: HOUSE 2/27/87

Revision Date: _____

Agency Affected: Fish and Game

Title: An Act relating to game farming

BRU: Game

Sponsor: Larson and Menard

Components: _____

Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						
CAPITAL						
REVENUE		1.0	1.0	1.1	1.2	1.2

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary) Indications are that approximately 50-60 people are presently farming birds without a valid license. Assumes most of these people (40) would buy a license if fee were lower and that an additional 20 people who presently do not farm birds because fee is too high would buy license and farm birds. Biennial revenues would be \$1,200--presently they are \$200.

Prepared by: Lew Pamplin, Director Phone: 465-4190
Division: Game Date: 4/24/87

Approved by Commissioner: Donnell Ellsworth Date: 4-24-87
Agency: Fish and Game

- Distribution (by preparer):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)
 - Senate Secretary

1 IN THE HOUSE

BY LARSON AND MENARD

2

HOUSE BILL NO. 216

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to game farming."

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

8 * Section 1. AS 16.05.340(a)(14) is amended to read:

9 (14) Fish [OR GAME] farming biennial license..... 200

10 * Sec. 2. AS 16.05.340(a) is amended by adding a new paragraph to read:

11 (18) Game farming:

12 (A) Game mammal or game reptile farming biennial

13 license 200

14 (B) Game bird farming biennial license 20

ALASKA GAMEBIRD ASSOCIATION



April 18, 1987

Dear Representative.

We have been working on the issue of the Gamebird Farming License since June of 1985. It was at that time that Phil Koehl, a game biologist in the Commissioner's office at Juneau, made us aware of AS 16.05.330 & 340(14)a. which requires that a Game Farming License for a biennial fee \$200.00 must be purchased for the business of breeding, propagating, raising, or producing of gamebirds in captivity, for the purpose of marketing gamebirds or their products.

The business/and or hobby of propagating gamebirds has been popular in the U.S.A. since the turn of the century. I have seen a marked and steady increase of people raising gamebirds in Alaska, during the last 5 years, you would be surprised at the numbers!

A pair of Quail costs approximately \$10.00 on the Alaskan market. The License to breed them or propagate and raise up their chicks costs \$200.00 biennially, plus a Business License of \$25.00 a year. This statute, as written in 1957, is cost prohibitive to the raising and propagating of upland gamebirds and waterfowl today.

Another point, on viewing the Gamebird Industry in Alaska is that, being isolated from the other states as we are, this business is completely state-efficient. Birds climatized to our state weather produce a stronger, well-feathered chick. The off-spring, either eggs or chicks, must be housed and fed properly. This perpetually stimulates the economy of Feed Stores, Hardware Suppliers, Building Suppliers where wire and lumber and additional materials are purchased.

House Bill 216 would change the amount of money people would have to pay for selling gamebirds in Alaska. We feel \$250.00 every two years is far to much for every gamebird breeder/and or hobbyist to pay. If House Bill 216 becomes law it shouldn't substantially reduce the gross receipts to the General Fund, nor should the costs of administering the license exceed the licensing revenue. The costs of administering the Game Licensing program are minimal and will remain that way. The only costs to the State is the time and material necessary to issue the license. Data needed for a Game Farming License required by statute are as follows: Name, Address, Phone, Physical Location, Applicant Description, Years of Residency, Birthdate, and Social Security Number.

Enclosed you will find a copy of the new Regulation and Aviculturists Permit cooperatively drafted by the Alaska Gamebird Assoc. and the Alaska Dept. of Fish and Game. The Regulation and Permit was voted on and judiciously accepted by the Board of Game as of April 14, 1987. Both will be published by ADF&G in their

ALASKA GAMEBIRD ASSOCIATION



-2-

new regulation booklet available later this year. You will note that both the Regulation and Permit allow the buying, selling, trading, importing and exporting of upland gamebirds and waterfowl.

However, after a legal interpretation of this Regulation and Permit by Mr. Ed Hein, Attorney-at-Law on the Legal Staff at Juneau, he stated that indeed a Game Farming License is still necessary for the business of breeding, selling or marketing these birds until the wording of the statute is changed.

Once again we urge you to support House Bill 216 and pass this Bill

Sincerely,

Judith A. Rivard, Secretary

Johnnie M. Dellinger, President

Linda S. Dellinger, Treasurer

cc: Board of Directors, AGA
Representative Ron Larson

HB

216:5

SENATE COMMITTEE REPORT

FURTHER:

5/16/87

DATE TURNED INTO OFFICE 5/17/87

Mr. President:

FINANCE

Committee considered HB 216

game farming

and recommended:

replace with CS FOR _____) same title
 or adopt Senate CS FOR HB 216 (RIS)) new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted _____

Committee attached or adopted fiscal note(s)

new updated or previous
 zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Signature]
[Signature]
[Signature]
[Signature]
[Signature]
[Signature]

[Signature] DO PASS
Chairman signature and recommendation

Committee Backup Attached

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: _____

Bill Version: HB 216
Publish Date: HOUSE 2/27/87

Revision Date: _____

Agency Affected: Fish and Game

Title: An Act relating to game farming

BRU: Game

Sponsor: Larson and Menard

Components: _____

Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
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LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						

CAPITAL						
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REVENUE		1.0	1.0	1.1	1.2	1.2
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
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TOTAL						

POSITIONS:

FULL-TIME						
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TEMPORARY						

ANALYSIS : (Attach a separate page if necessary) Indications are that approximately 50-60 people are presently farming birds without a valid license. Assumes most of these people (40) would buy a license if fee were lower and that an additional 20 people who presently do not farm birds because fee is too high would buy license and farm birds. Biennial revenues would be \$1,200--presently they are \$200.

Prepared by: Lew Pamplin, Director Phone: 465-4190
Division: Game Date: 4/24/87

Approved by Commissioner: Donna Pellensworth Date: 4-24-87
Agency: Fish and Game

- Distribution (by preparer):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)
 - Senate Secretary

Original sponsors: Larson and Menard

1 IN THE HOUSE BY THE RESOURCES COMMITTEE
2 SENATE CS FOR HOUSE BILL NO. 216 (Resources)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - FIRST SESSION
5 A BILL

6 For an Act entitled: "An Act relating to game farming."

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

8 * Section 1. AS 03.05.010(a) is amended to read:

9 (a) The commissioner of natural resources shall

10 (1) direct, administer, and supervise promotional and
11 experimental work, extension services, and agricultural projects for
12 the purpose of promoting and developing the agricultural industry
13 within the state including such fields as horticulture, dairying,
14 cattle raising, fur farming, grain production, vegetable production,
15 and development of other agricultural products;

16 (2) procure and preserve all information pertaining to the
17 development of the agricultural industry and disseminate that informa-
18 tion to the public;

19 (3) assist prospective settlers and others desiring to
20 engage in the agricultural industry in the state with information
21 concerning areas suitable for agriculture and other activities and
22 programs essential to the development of the agricultural industry in
23 the state;

24 (4) review the marketing, financing, and development of
25 agricultural products inside the state including transportation, with
26 special emphasis upon local production, and negotiate for the market-
27 ing of agricultural products of the state with federal and state
28 agencies operating in the state; [AND]

29 (5) regulate and control the entry into the state and the

1 transportation, sale, or use inside the state of plants, seeds, vege-
2 tables, fruits and berries, nursery stock, animal feeds, remedies and
3 mineral supplements, fertilizers, and agricultural chemicals in order
4 to prevent the spread of pests, diseases, or toxic substances injuri-
5 ous to the public interest, and to protect the agricultural industry
6 against fraud, deception and misrepresentation; in this connection the
7 commissioner may require registration, inspection, and testing, and
8 establish procedures and fees; and

9 (6) regulate the farming of elk in a manner similar to the
10 manner in which the commissioner regulates domestic animals and live-
11 stock, to the extent that is appropriate.

12 * Sec. 2. AS 03.05.011 is amended by adding a new subsection to read:

13 (b) The commissioner of environmental conservation shall regu-
14 late the farming of elk in a manner similar to the manner in which the
15 commissioner regulates domestic animals and livestock, to the extent
16 that is appropriate.

17 * Sec. 3. AS 16.05 is amended by adding a new section to read:

18 Sec. 16.05.331. ELK FARMING. (a) Elk may be raised and bred as
19 domestic stock for commercial purposes, including the sale of meat, by
20 a person who lawfully owns the elk and who holds a current valid game
21 mammal farming license.

22 (b) The department may issue a game mammal farming license for
23 the farming of elk to a person who applies on a form provided by the
24 department, pays the fee established under AS 16.05.340, and who
25 proves to the satisfaction of the department that the person

26 (1) intends to raise and breed elk; and

27 (2) possesses facilities for maintaining the elk under
28 positive control.

29 (c) Notwithstanding other provisions of law, a license or permit

1 from the department, other than a game mammal farming license, is not
2 required in order to import, export, or possess elk for the purpose of
3 elk farming. A live elk may not be captured from the wild or released
4 into the wild without an appropriate license or permit from the
5 department.

6 (d) Elk imported, exported, or possessed for the purpose of elk
7 farming are subject to the provisions of AS 03 and regulations adopted
8 under AS 03 by the commissioner of natural resources or the commis-
9 sioner of environmental conservation for domestic animals and live-
10 stock, to the extent they are made applicable to elk by the commis-
11 sioners.

12 (e) In this section, "lawfully owns" means ownership that was
13 obtained without violating a state or federal law or regulation, or a
14 condition of a license or permit issued with respect to game.

15 * Sec. 4. AS 16.05.340(a)(14) is amended to read:

16 (14) Fish [OR GAME] farming biennial license..... 200

17 * Sec. 5. AS 16.05.340(a) is amended by adding a new paragraph to read:

18 (18) Game farming:

19 (A) Game mammal or game reptile farming biennial
20 license 200

21 (B) Game bird farming biennial license 20

1 IN THE HOUSE

BY LARSON AND MENARD

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HOUSE BILL NO. 216

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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FIFTEENTH LEGISLATURE - FIRST SESSION

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ALASKA GAMEBIRD ASSOCIATION



-2-

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However, after a legal interpretation of this Regulation and Permit by Mr. Ed Hein, Attorney-at-Law on the Legal Staff at Juneau, he stated that indeed a Game Farming License is still necessary for the business of breeding, selling or marketing these birds until the wording of the statute is changed.

Once again we urge you to support House Bill 216 and pass this Bill

Sincerely,

Judith A. Rivard

Judith A. Rivard, Secretary

Johnnie M. Dellinger

Johnnie M. Dellinger, President

Linda S. Dellinger

Linda S. Dellinger, Treasurer

cc: Board of Directors, AGA
Representative Ron Larson

SENATE COMMITTEE REPORT

FURTHER: FINANCE

5/15/87

DATE TURNED INTO OFFICE 5/15/87

Mr. President:

RESOURCES

Committee considered HB 216

game farming

and recommended:

replace with SCS FOR HB 216) same title
 or adopt _____ CS FOR _____) new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted _____

Committee attached or adopted fiscal note(s)

new updated or previous
 zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Signature]
[Signature]
[Signature]

[Signature] DO PASS
Chairman signature and recommendation

Committee Backup Attached

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER:

RESOURCES
FINANCE

**FISCAL NOTE(S) ATTACHED **
IN ACCORDANCE WITH AS 24.08.035
(see below)

5/15/87
Mr. President:

DATE TURNED INTO OFFICE

LABOR & COMMERCE

Committee considered

HB 216

game farming

and recommended:

replace with CS

same title

attached amendment(s) and

new title

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted and attached

** Committee attached or adopted fiscal note(s)
 zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Chairman signature and recommendation

Committee Backup Attached

HB

217

HOUSE COMMITTEE REPORT

:(11)

Date referred: 5/4/87

FURTHER REFERRALS:

DATE: 3/8/88

The Finance Committee has considered HB 217

"An Act relating to purchase of foreign investments by the board of trustees of the Alaska permanent fund."

RECOMMENDS:

- replace with CS HB 217 (Fin.) [] the same title
- [] attached amendment(s) [] a new title
- do pass
- [] do not pass
- [] no recommendation
- [] individual recommendations
- [] additional referral to the _____ Committee

ADOPTS: [] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

- fiscal impact [] same as previous fiscal note published _____
- [] zero fiscal note [] same as previous zero fiscal note published _____
- [] zero with analysis

SIGNING DO PASS:

LARSON Ronald J. Larson

BOYER Mark Boyer

RIEGER Steve Rieger

FRANK Don

BROWN Ken Brown

DAVIS Mike Davis

SIGNING OTHER RECOMMENDATIONS:

ADAMS Albert Adams

POURCHOT Ed Pourchot

SWACK-HAMMER Ed Swack-Hammer NO REC

WALLIS Key Wallis

GOLL John Goll

Albert Adams
Chairman's signature

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act relating to purchase of
foreign securities by PFC.
Sponsor: Rules
Requestor: Governor

Agency Affected: Revenue
BRU: Permanent Fund Corporation
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	35.0	500.0	500.0	500.0	500.0
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LAND & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	35.0	500.0	500.0	500.0	500.0

CAPITAL	-	-	-	-	-	-
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REVENUE	-	-	-	-	-	-
---------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	35.0	500.0	500.0	500.0	500.0
TOTAL	-	35.0	500.0	500.0	500.0	500.0

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

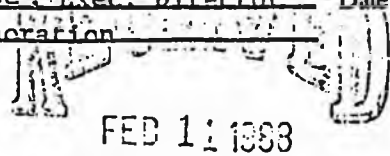
FY 89: Contractual services for manager search.

FY 90 - FY 93: Management fees.

Prepared by: Alaska Permanent Fund Corporation Phone: 465-2047
Division: _____ Date: February 8, 1988

Approved by Commissioner: David A. Rose, Exec. Director Date: February 8, 1988
Agency: Alaska Permanent Fund Corporation

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)



LEGISLATIVE FINANCE

HB 211

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 217 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to purchase of investments by the
7 board of trustees of the Alaska permanent fund."

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 [WHICH] are
11 rated AA or better by a nationally recognized rating service, or
12 foreign corporate debt securities of comparable quality;

13 * Sec. 2. AS 37.13.120(g)(19) is amended to read:

14 (19) certificates of deposit, term deposits, or bankers'
15 acceptances, which are issued by a United States or foreign bank or
16 trust company located in a foreign country and are denominated in
17 United States or foreign currency, if either (A) they may be readily
18 sold in a secondary market at prices reflecting fair value, or (B) the
19 issuing bank or trust company has capital, [AND] surplus, and retained
20 earnings at the date of issue equaling at least \$500,000,000; invest-
21 ments made under this paragraph are not subject to the collateral
22 requirements for domestic certificates under (m) of this section;

23 * Sec. 3. AS 37.13.120(g) is amended by adding a new paragraph to read:

24 (21) securities of foreign governments, foreign govern-
25 mental agencies, and foreign corporations the principal of which is,
26 or the interest or dividends on which are, payable in either United
27 States dollars or foreign currencies.

28 * Sec. 4. AS 37.13.120(h) is amended to read:

29 (h) The board may enter into future contracts for the sale of

1 investments purchased under (g) of this section, or for the sale of
2 foreign currencies, only for the purpose of hedging an existing equiv-
3 alent ownership position in these investments [SECURITIES].

4 * Sec. 5. AS 37.13.120(i) is amended to read:

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

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

21 (2) real estate investments under (g)(20) of this section -
22 15 percent;

23 (3) foreign certificates of deposit, foreign term deposits,
24 and foreign bankers' acceptances under (g)(19) of this section, and
25 securities of foreign governments, foreign governmental agencies, and
26 foreign corporations under (g)(8) and (21) of this section - 20 per-
27 cent;

28 (4) domestic corporate stocks and debt securities under
29 (g)(8), (9), and (18) of this section - 50 percent.

go1397hL
Cook
2/29/88

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 217 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to purchase ^[foreign] of investments by the
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18 sold in a secondary market at prices reflecting fair value, or (B) the
19 issuing bank or trust company has capital, [AND] surplus, and retained
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 6 THE ALASKA PERMANENT FUND IN EACH STATED CATEGORY OF INVESTMENT MAY
 7 NOT EXCEED THE FOLLOWING STATED PERCENTAGE OF THE TOTAL INVESTMENTS OF
 8 THE FUND: MORTGAGES UNDER (g)(16) OF THIS SECTION, 15 PERCENT; REAL
 9 ESTATE INVESTMENTS UNDER (g)(20) OF THIS SECTION, 15 PERCENT; FOREIGN
 10 CERTIFICATES OF DEPOSIT ^[foreign term deposits + foreign bankers' acceptances] OR THE EQUIVALENT UNDER (g)(19) OF THIS SEC-
 11 TION, 20 PERCENT; ^[securities of foreign govts + agencies + corps.] CORPORATE STOCKS AND DEBT SECURITIES UNDER (g)(8),
 12 (9), AND (18) OF THIS SECTION, 50 PERCENT.] The Alaska permanent fund
 13 may at no time own more than five percent of the voting stock of a
 14 corporation. Domestic stocks, except for bank and insurance company
 15 stocks, must be listed at the date of purchase on an exchange regis-
 16 tered with the Securities and Exchange Commission. At the time of
 17 each investment the aggregate investment of the fund in each stated
 18 category of investment may not exceed the following stated percentage
 19 of the total investments of the fund:

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

21 (2) real estate investments under (g)(20) of this section -
 22 15 percent;

23 (3) foreign certificates of deposit, foreign term deposits,
 24 and foreign bankers' acceptances under (g)(19) of this section, and
 25 securities of foreign governments, foreign governmental agencies, and
 26 foreign corporations under (g)(8) and (21) of this section - 20 per-
 27 cent;

28 (4) domestic corporate stocks and debt securities under
 29 (g)(8), (9), and (18) of this section - 50 percent.

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Revenue
 Title: An Act relating to purchase of
foreign securities by PFC. BRU: Permanent Fund Corporation
 Sponsor: Rules Components: _____
 Requestor: Governor

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	35.0	500.0	500.0	500.0	500.0
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LAND & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	35.0	500.0	500.0	500.0	500.0
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	35.0	500.0	500.0	500.0	500.0
TOTAL	-	35.0	500.0	500.0	500.0	500.0

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

FY 89: Contractual services for manager search.

FY 90 - FY 91: Management fees.

Prepared by: Alaska Permanent Fund Corporation Phone: 465-2047
 Division: _____ Date: February 8, 1988
 Approved by Commissioner: David A. Rose, Exec. Director Date: February 8, 1988
 Agency: Alaska Permanent Fund Corporation

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)



ALASKA STATE CHAMBER OF COMMERCE

310 Second Street
Juneau, Alaska 99801
(907) 586-2323

March 4, 1988

The Honorable Al Adams, Chairman
House Finance Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Al:

On Monday, March 7 you will be considering HB 217 relating to foreign investment by the Alaska Permanent Fund.

We have reviewed the Bill and strongly support the legislation as set forth in the committee substitute.

The Alaska State Chamber favors passage for the following reasons:


1. The Fund has developed (and earned) a reputation for conservative, careful, and deliberate investment. It clearly has the professional competence to utilize the additional proposed investment tools for the betterment of the State and its citizens.
2. The expansion of investments to the international arena provides further diversification of the Fund's stock and bond portfolios. This blending and diversifying permits the Fund to continue its investment mission at lower risk than that currently being experienced.
3. Generally, foreign investments generate higher earnings than domestic investments. This is evidenced by the performance of such investments in State PER3 and TRS. While this should not be a compelling argument for foreign investment, it is clearly indicative that expected returns, over time, will be at least equal to domestic investments.
4. Finally, and perhaps most important from our viewpoint, is the by-product benefit of foreign investment. The contacts made by the Fund will be extremely valuable. As it researches foreign corporations; confers, meets, and enters into business arrangements with major nondomestic bankers and financiers; and creates dialogue with business leaders throughout the world, the Fund will bring business visitors and potential investors to our state. As these visitors

establish relationships with the Fund, they will gain firsthand exposure to Alaska and its business and economic opportunities.

The global outreach which will be facilitated by international investment is most timely in these difficult economic times for Alaska. We must do everything possible to expand our horizons and develop increased economic activity. Enactment and implementation of the Committee Substitute for House Bill 217 will help us accomplish this.

We recommend its adoption.

Cordially,


George Krusz
President



Alaska Permanent Fund Corporation

Pouch 4-1000 Juneau, Alaska 99802
(907) 465-2047 Telex 099-46-323

April 13, 1987

Representative Fran Ulmer, Chair
House State Affairs Committee
P.O. Box V
Juneau, Alaska 99811

Dear Representative Ulmer:

I am writing to request that you schedule House Bill No. 217, "An Act relating to purchase of foreign investments by the board of trustees of the Alaska permanent fund."

This bill is supported by the board of trustees of the Alaska Permanent Fund Corporation. It was originally recommended by the Trustees on September 26, 1986 (see Board Resolution 86-13 attached). Since the Board membership at that time was quite a bit different than at present, the bill was discussed again at the most recent Board meeting on March 9, 1987, and the original recommendation for passage of this bill still stands.

We think it is important for the legislature to expand the Fund's authorized list of investments to include foreign securities, and we look forward to testifying in support of this bill at your earliest convenience. Staff will be providing your committee with back-up material on this bill in particular and global investing in general.

Thank you.

With warm regards,

David A. Rose
Executive Director

Attachment

RESOLUTION OF THE BOARD OF TRUSTEES
THE ALASKA PERMANENT FUND CORPORATION
REGARDING INVESTMENTS IN FOREIGN SECURITIES

RESOLUTION 86-13

WHEREAS, returns from foreign investment have exceeded those in the United States over most recent ten year periods; and

WHEREAS, the United States represents less than one-half of the world's equity capitalization and is declining in share as foreign economies experience more rapid long-term growth; and

WHEREAS, equity participation in many emerging and fast growth industries can only be attained through foreign investment; and;

WHEREAS, foreign securities markets exhibit a low correlation with the U.S. market therefore reduced overall portfolio volatility will result from international investments; and

WHEREAS, no one national market consistently produces superior or inferior returns; and

WHEREAS, combining U.S. and international investments has consistently provided both increased return and reduced risk compared to a portfolio of all U.S. equities; and

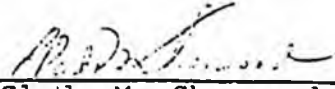
WHEREAS, growth in the U.S. economy remains slow while many foreign economies enjoy more rapid and accelerating growth; and

WHEREAS, increased disposable income and low inflation abroad is spurring consumer demand and domestic growth; and

WHEREAS, a continuation of the dollar's gradual descent will enhance U.S. investors' total return from foreign security holdings;


NOW THEREFORE BE IT RESOLVED that the Board of Trustees recommend that the State of Alaska Legislature consider and adopt legislation permitting purchase of foreign securities similar in content to the suggested Bill attached hereto as Appendix A.

PASSED AND APPROVED by the Board of Trustees of the Alaska Permanent Fund Corporation, this 26th day of September, 1986.



Clyde M. Sherwood, Chairman
Board of Trustees
Alaska Permanent Fund Corporation

ATTEST:



David A. Rose, Executive Director

ALASKA PERMANENT FUND CORPORATION
BOARD OF TRUSTEES

APPENDIX A TO RESOLUTION 86-13
INVESTMENTS IN FOREIGN SECURITIES

A BILL

For an Act entitled: "An Act relating to purchase of foreign securities by the Alaska permanent fund."

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

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

(8) domestic corporate debt securities which are rated AA or better by a nationally recognized rating service, or foreign corporate debt securities of comparable quality;

* Sec. 2. AS 37.13.120(g) (19) is amended to read:

(19) certificates of deposit, term deposits, or bankers' acceptances, which are issued by a United States or foreign bank or trust company located in a foreign country and are denominated in United States or foreign currency, if either (A) they may be readily sold in a secondary market at prices reflecting fair value, or (B) the issuing bank or trust company has capital and surplus at the date of issue equaling at least \$100,000,000 [\$500,000,000]; investments made under this paragraph are not subject to the collateral requirements for domestic certificates under (m) of this section;

* Sec. 3. AS 37.13.120(g) is amended by adding a new paragraph to read:

(21) securities of foreign governments, foreign governmental agencies, and foreign corporations the principal of which is, or the interest or dividends on which are, payable in either United States dollars or foreign currencies.

* Sec. 4. AS 37.13.120(h) is amended to read:

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

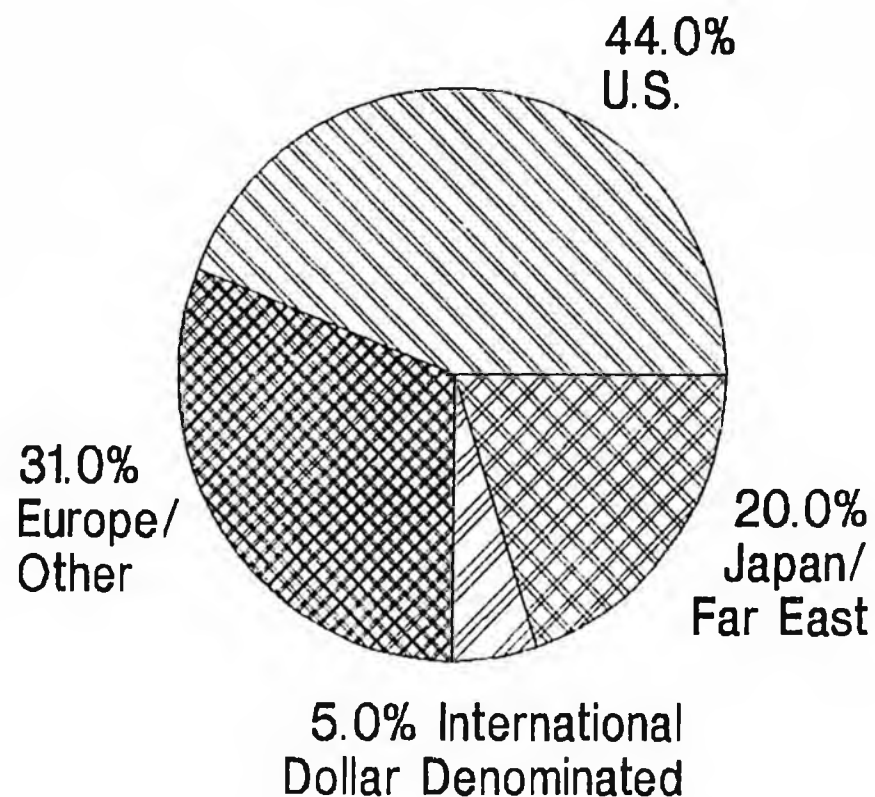
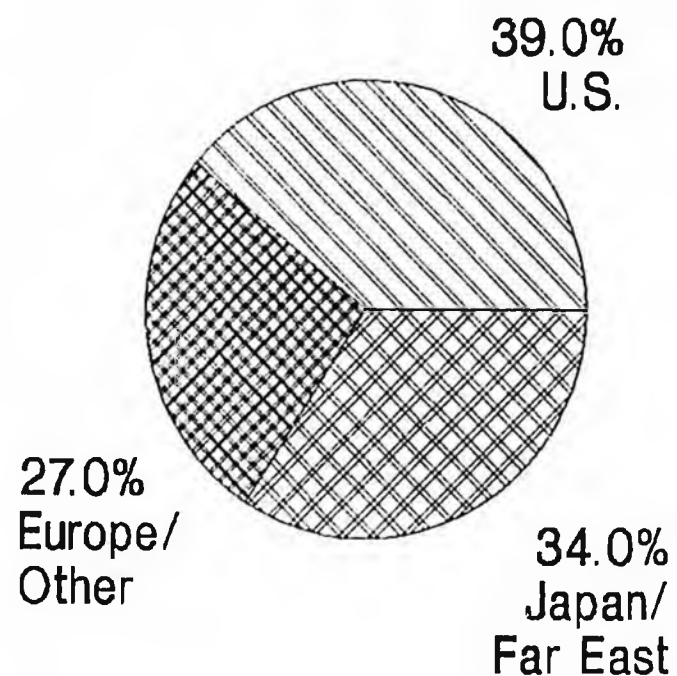
* Sec. 5. AS 37.13.120(i) is amended to read:

(i) At the time of each investment, the aggregate investment of the Alaska permanent fund in each stated category of investment may not exceed the following stated percentage of the total investments of the fund: mortgages under (g)(16) of this section, 15 percent; real estate investments under (g)(20) of this section, 15 percent; foreign certificates of deposit, foreign term deposits, and foreign bankers' acceptances [OR THE EQUIVALENT] under (g)(19) of this section, 20 percent; securities of foreign governments, foreign governmental agencies, and foreign corporations under (g)(8) and (21) of this section, 20 percent; domestic corporate stocks and debt securities under (g)(8), (9), and (18) of this section, 50 percent. The Alaska permanent fund may at no time own more than five percent of the voting stock of a corporation. Domestic stocks, except for bank and insurance company stocks, must be listed at the date of purchase on an exchange registered with the Securities and Exchange Commission.

1986 WORLD CAPITAL MARKETS

EQUITIES (\$5.6 Trillion)

BONDS (\$7.4 Trillion)



Source: J.P. Morgan Investment

TOTAL ANNUAL RETURN (U.S. DOLLARS)

	<u>Germany</u>	<u>Switzer- land</u>	<u>U.K.</u>	<u>Australia</u>	<u>Hong Kong</u>	<u>Japan</u>	<u>Singapore</u>	<u>Canada</u>	<u>S&P 500</u>
1977	25.8	28.7	58.0	11.9	(11.2)	15.9	5.9	(2.1)	(7.2)
1978	26.9	21.9	14.6	21.8	18.5	53.3	45.1	20.4	6.5
1979	(2.2)	12.1	22.1	43.6	83.5	(11.9)	28.5	51.8	18.5
1980	(9.1)	(7.3)	41.1	55.3	72.7	30.3	62.8	22.6	32.4
1981	(8.2)	(9.5)	(10.6)	(23.9)	(15.8)	15.8	18.3	(10.7)	(4.9)
1982	12.3	3.4	9.2	(22.6)	(44.5)	(0.5)	(16.7)	2.4	21.5
1983	25.9	19.3	17.2	56.0	(8.0)	24.9	31.7	33.4	22.4
1984	(3.8)	(11.1)	5.4	(12.6)	46.8	17.1	(26.9)	(7.6)	6.2
1985	140.9	108.9	53.4	21.0	51.6	43.9	(22.0)	16.1	31.7
1986	37.2	34.3	27.1	43.8	56.0	99.7	45.2	10.7	18.2



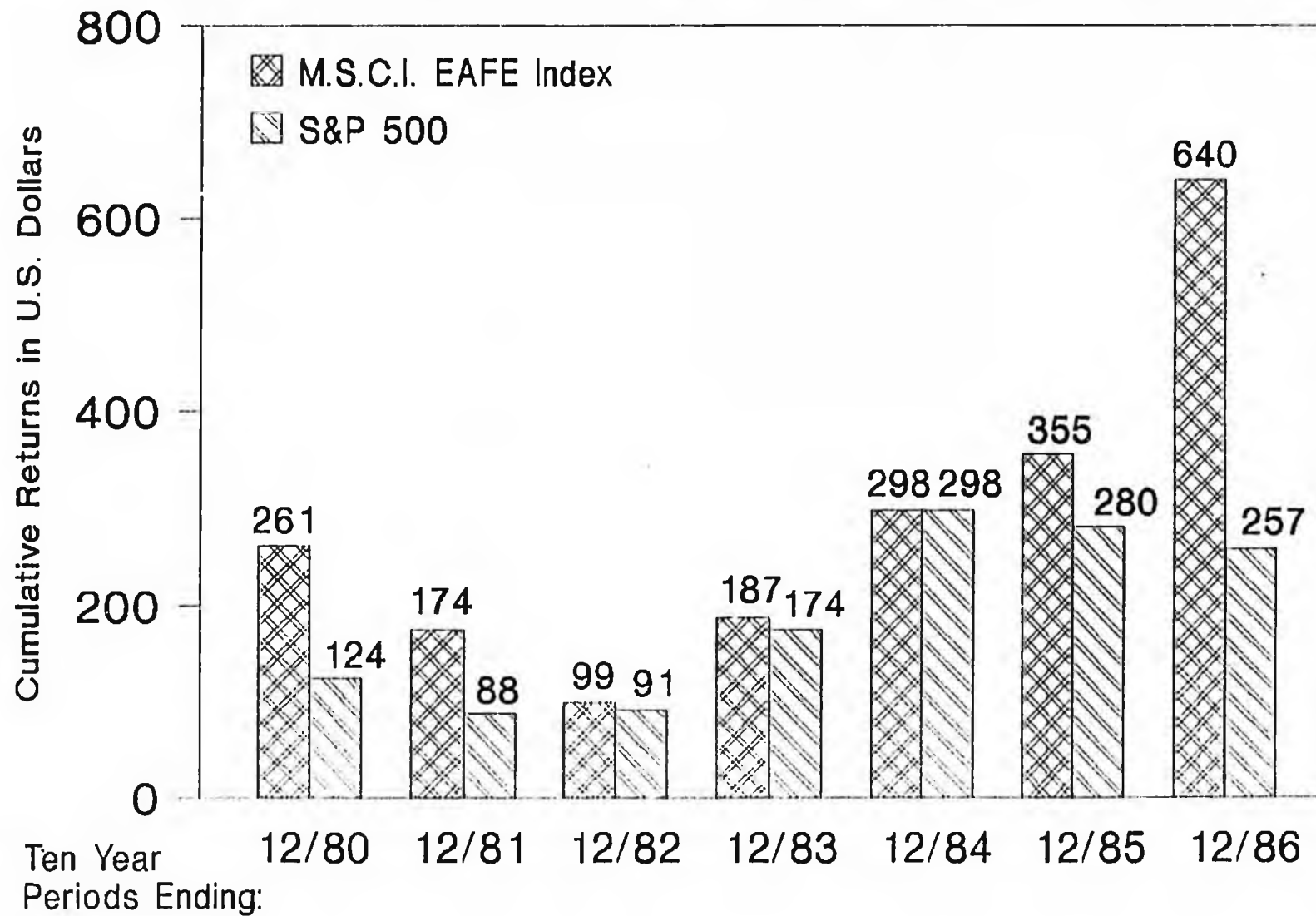
BEST PERFORMER



WORST PERFORMER

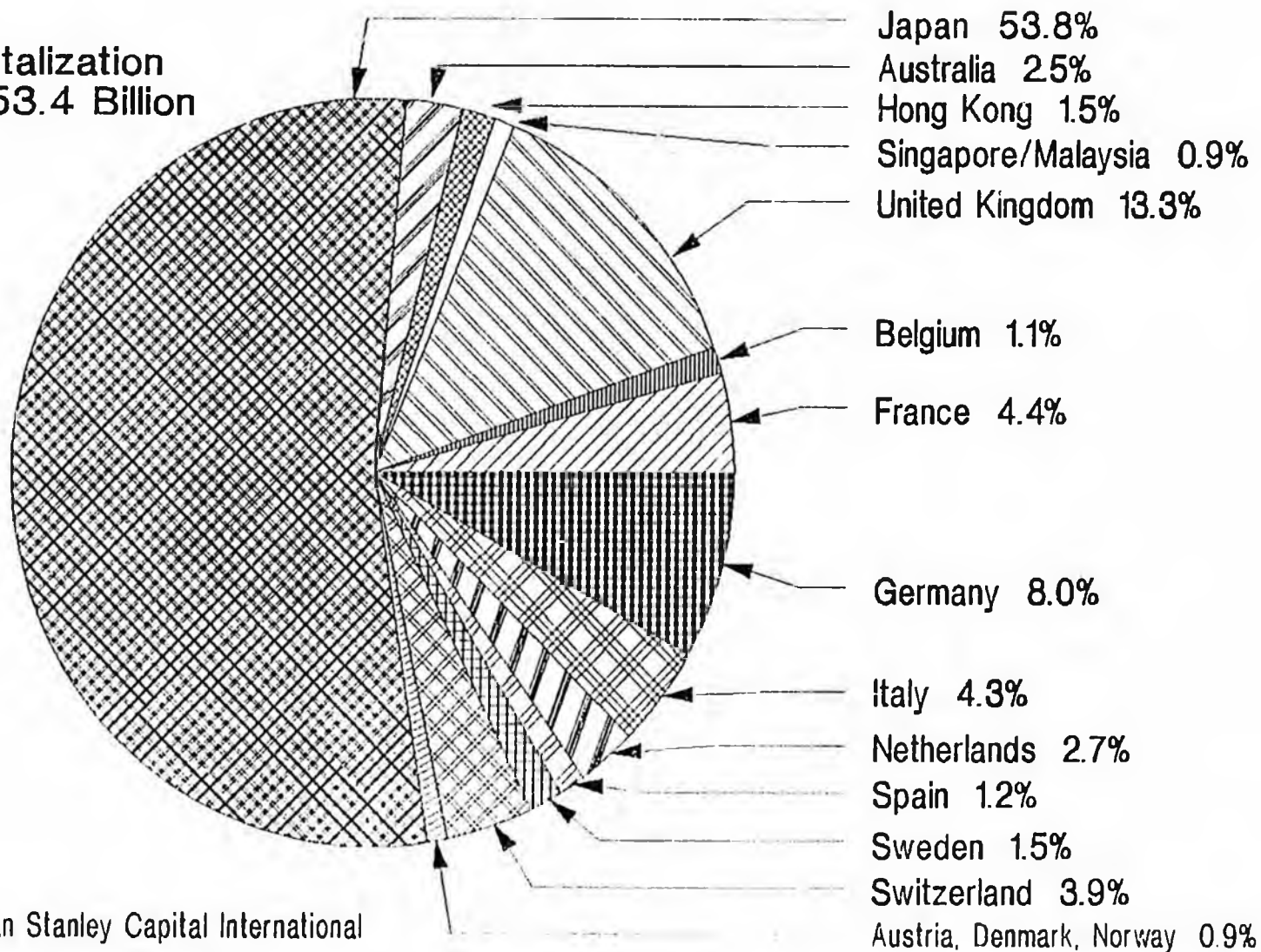
U.S. INTERNATIONAL EQUITY MARKET PERFORMANCE COMPARISON

M.S.C.I. EAFE INDEX vs. STANDARD & POOR'S 500



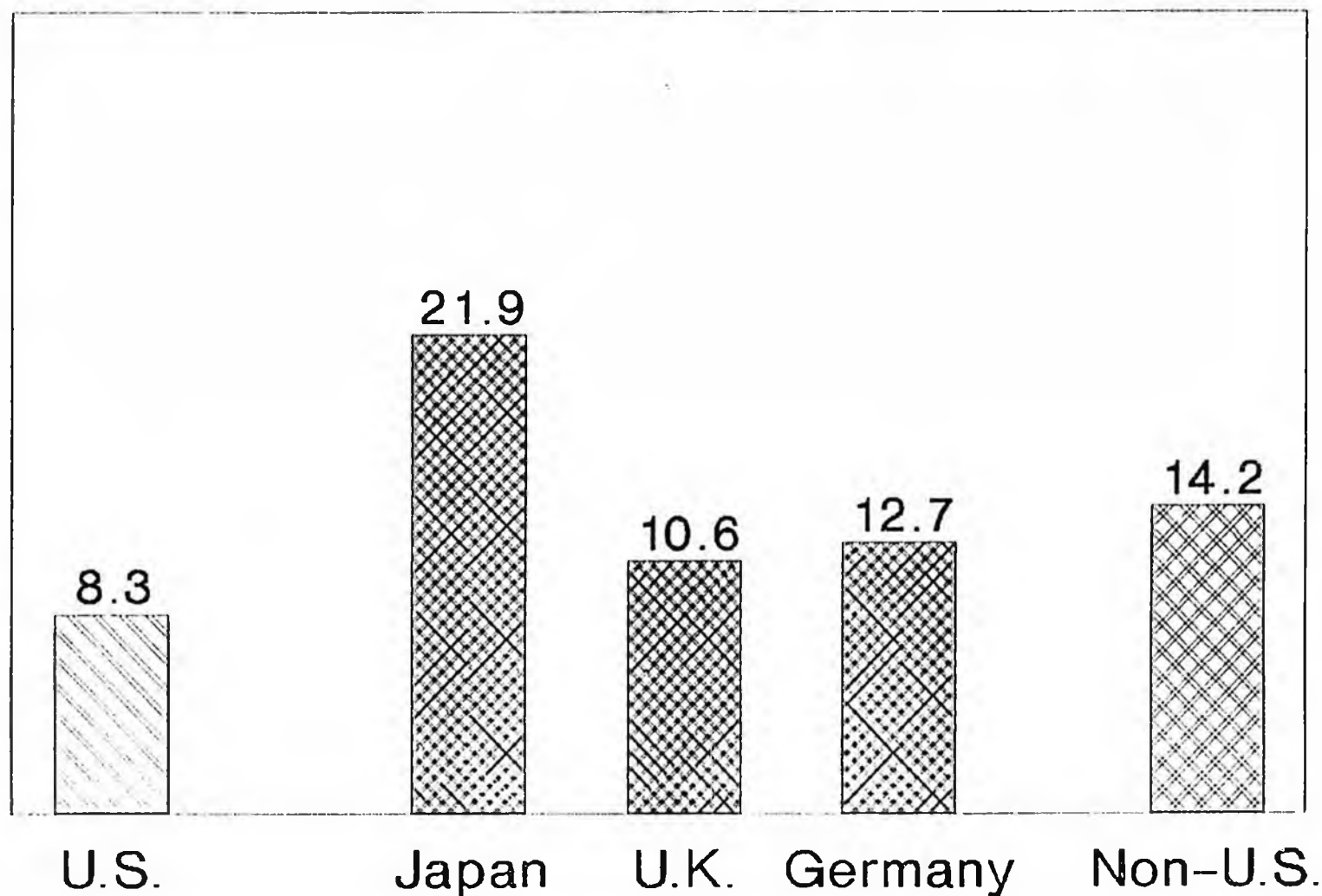
Components of The MSCI Europe, Australia, Far East (EAFE) Index December 31, 1986

Total Capitalization
U.S. \$2,053.4 Billion

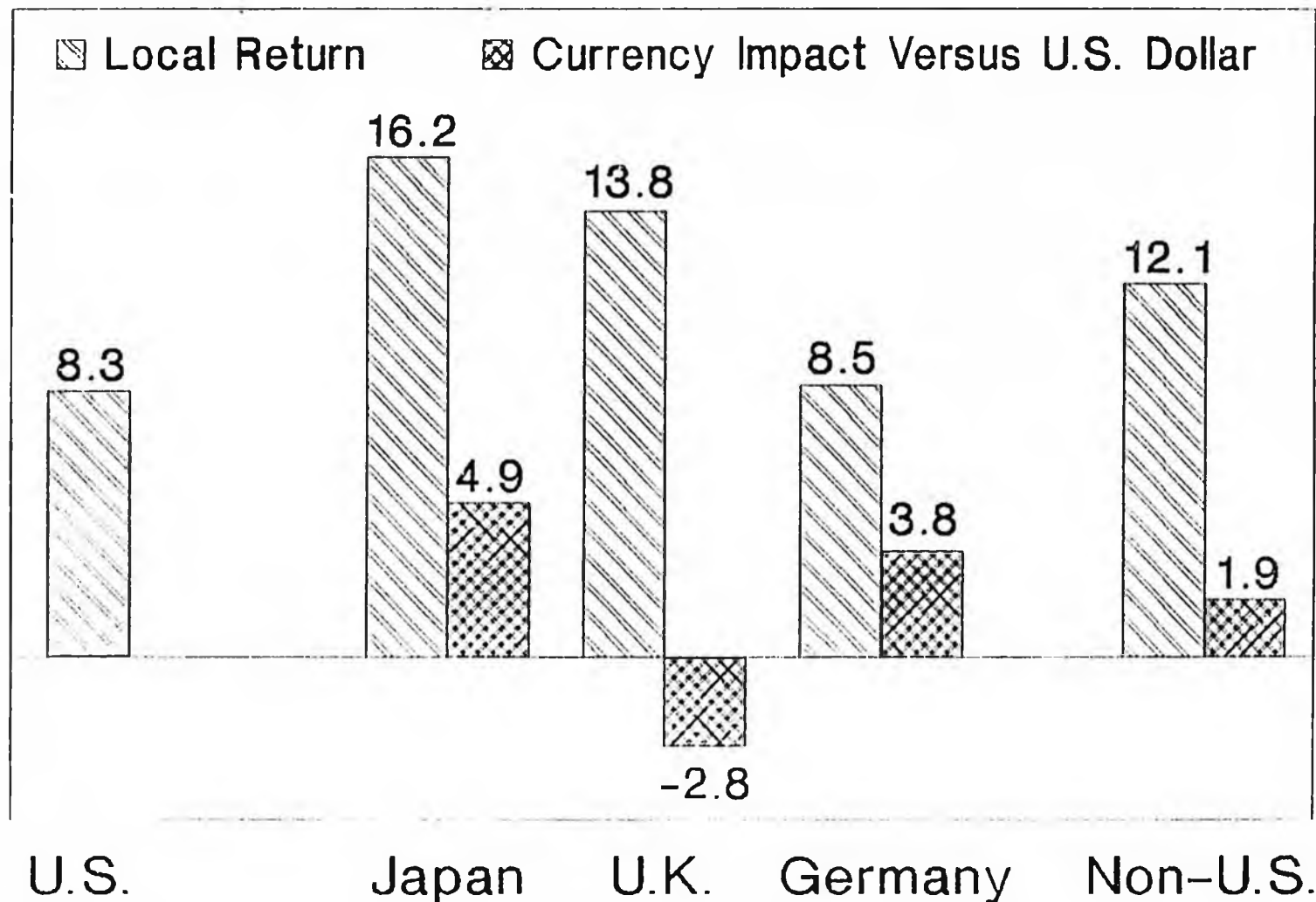


Source: Morgan Stanley Capital International

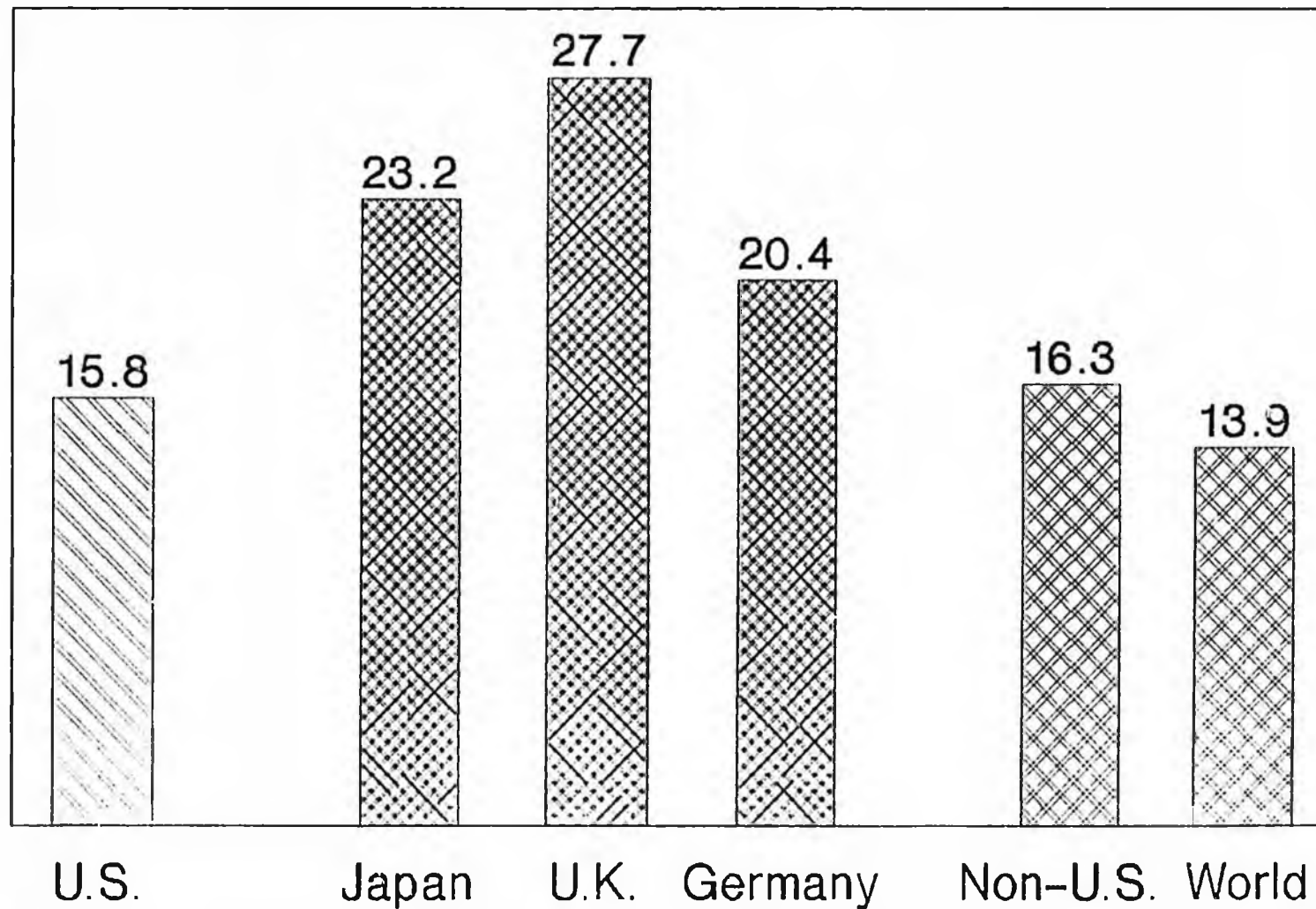
INTERNATIONAL EQUITY MARKETS ANNUALIZED RETURNS IN U.S. DOLLARS 1970 - 1986



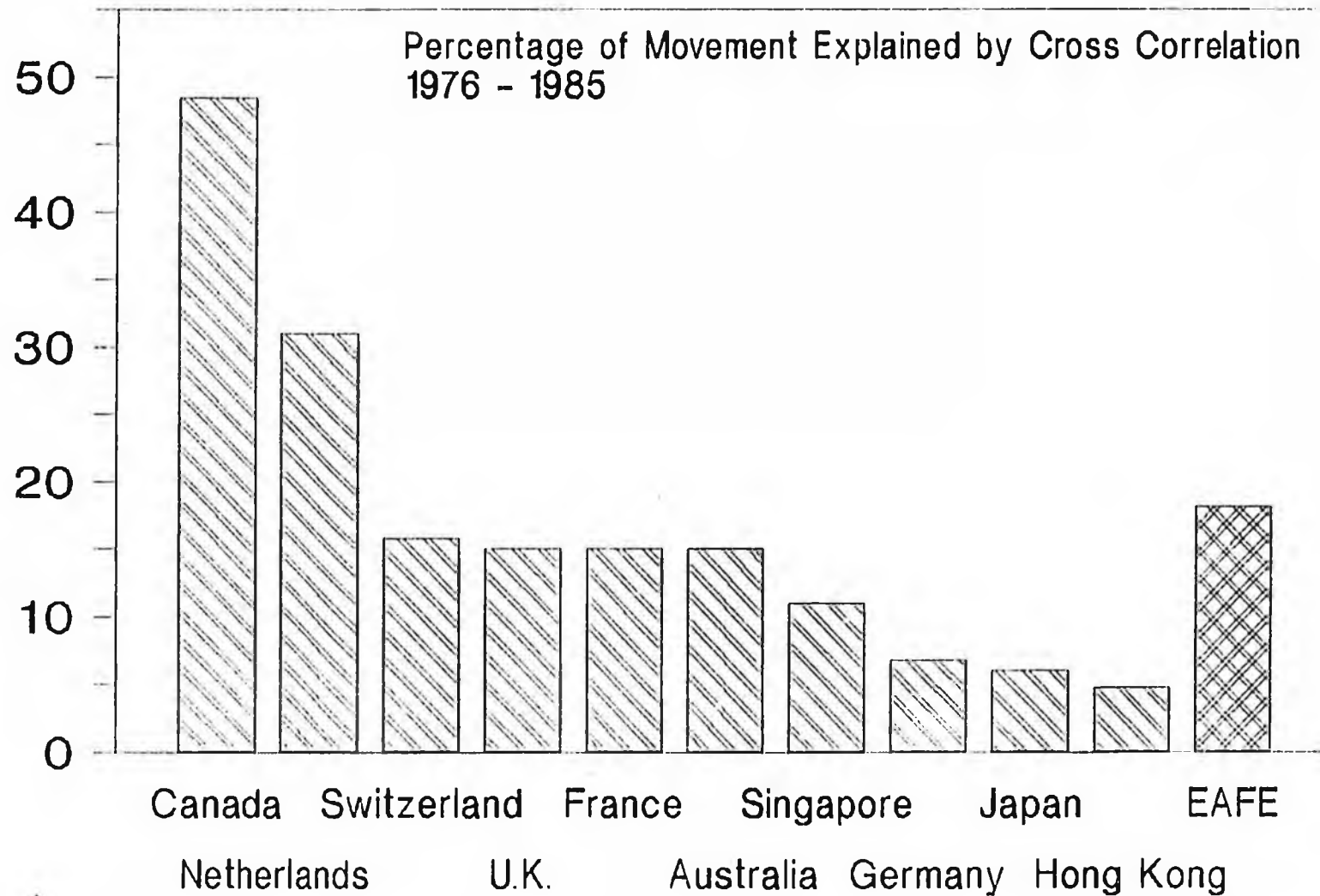
INTERNATIONAL EQUITY MARKETS ANNUALIZED LOCAL AND CURRENCY RETURNS 1970 - 1986



INTERNATIONAL EQUITY MARKETS
STANDARD DEVIATION OF RETURNS IN U.S. DOLLARS
1970 - 1986

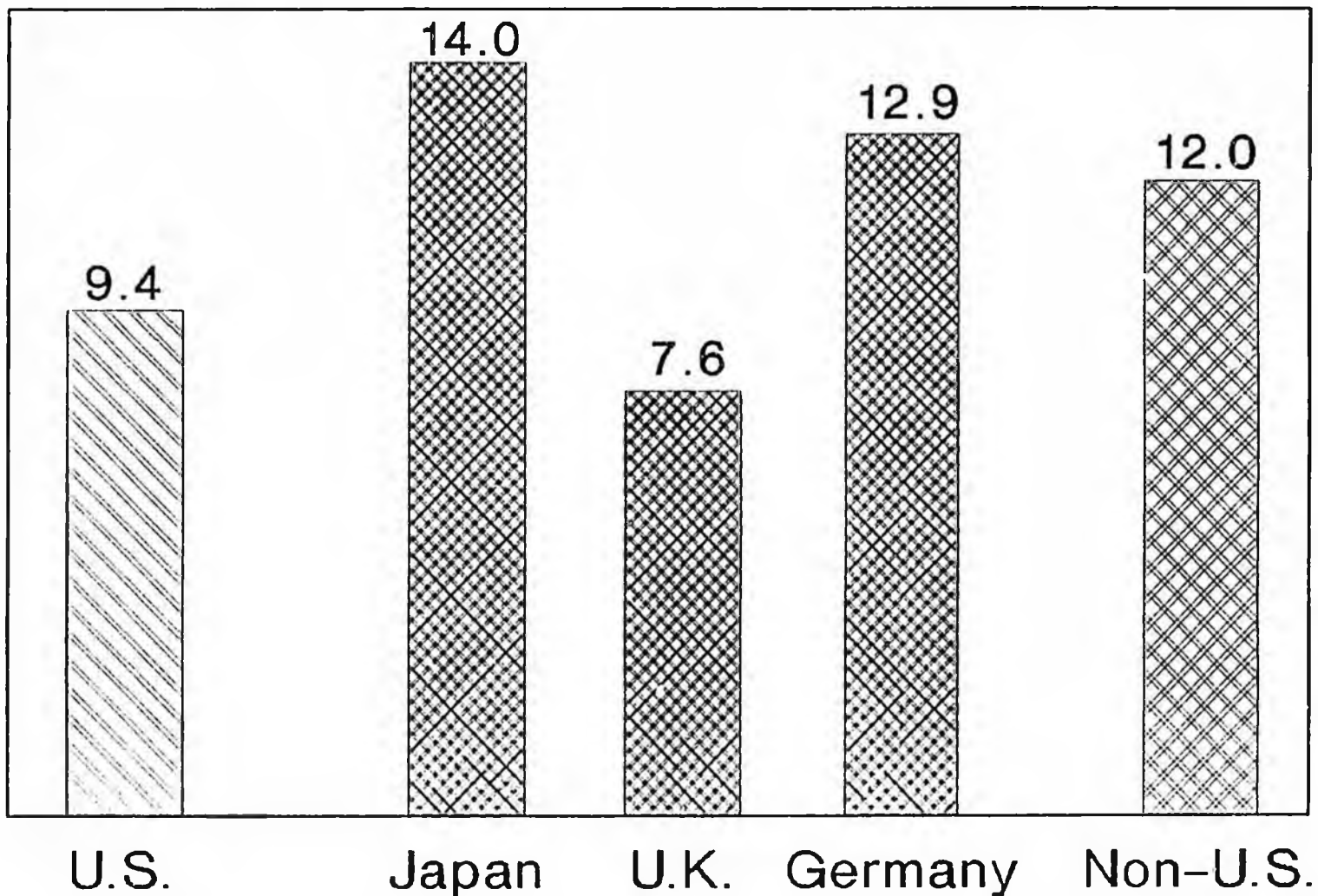


CORRELATION OF RETURNS BETWEEN U.S. AND MAJOR FOREIGN MARKETS

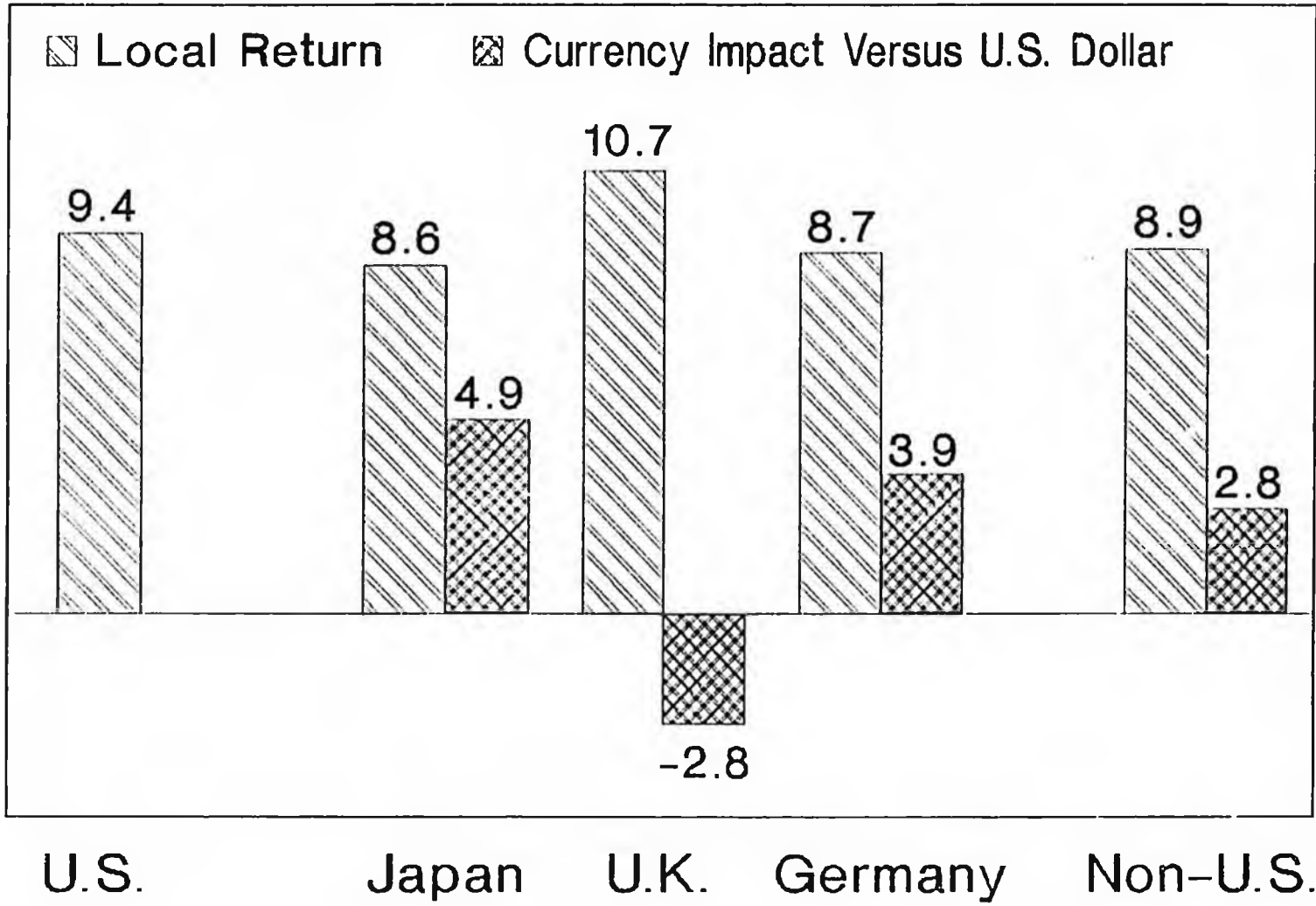


EAFE: Europe, Australia, and Far East Index

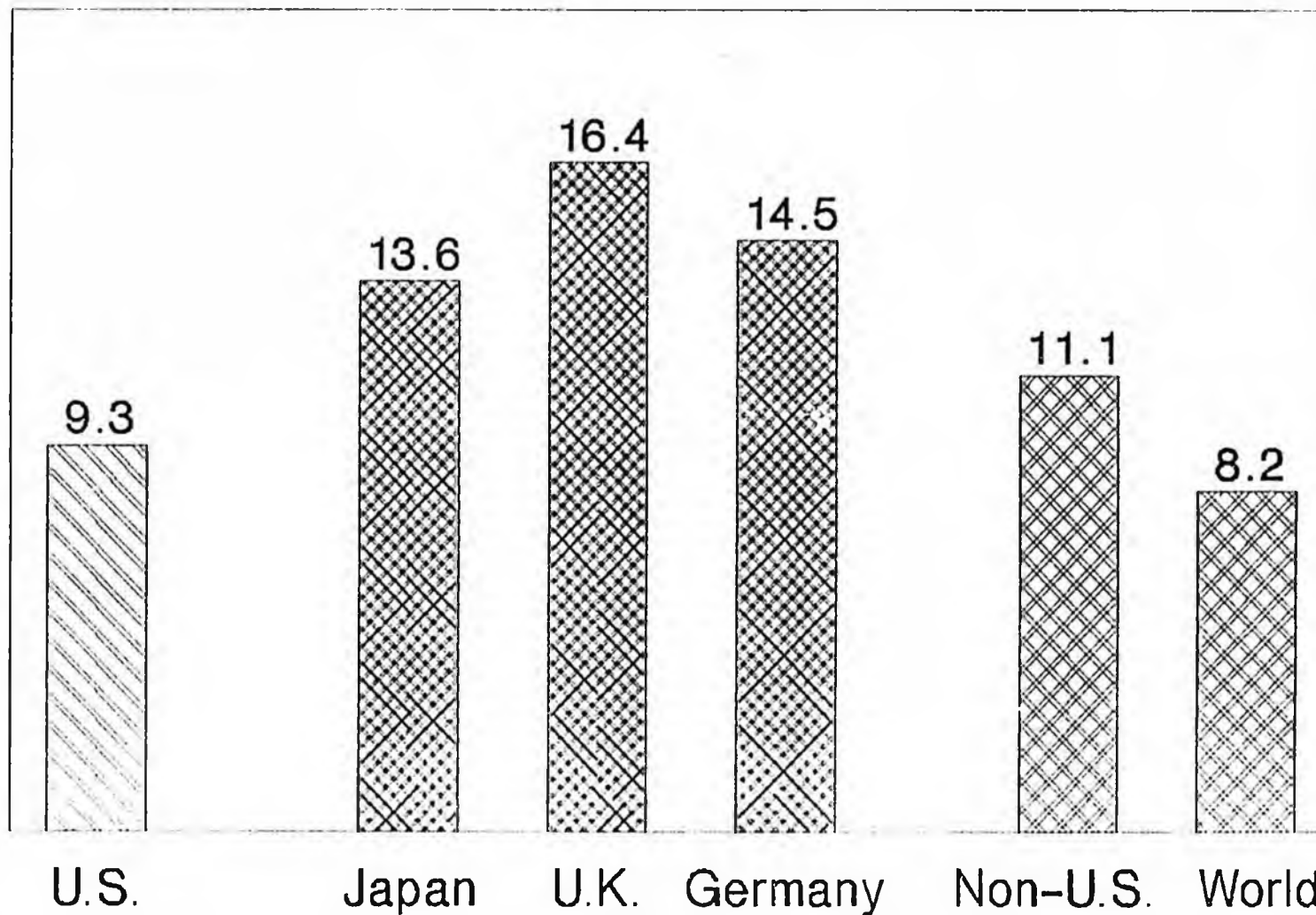
INTERNATIONAL FIXED INCOME MARKETS
ANNUALIZED RETURNS IN U.S. DOLLARS
1970 - 1986



INTERNATIONAL FIXED INCOME MARKETS ANNUALIZED LOCAL AND CURRENCY RETURNS 1970 - 1986

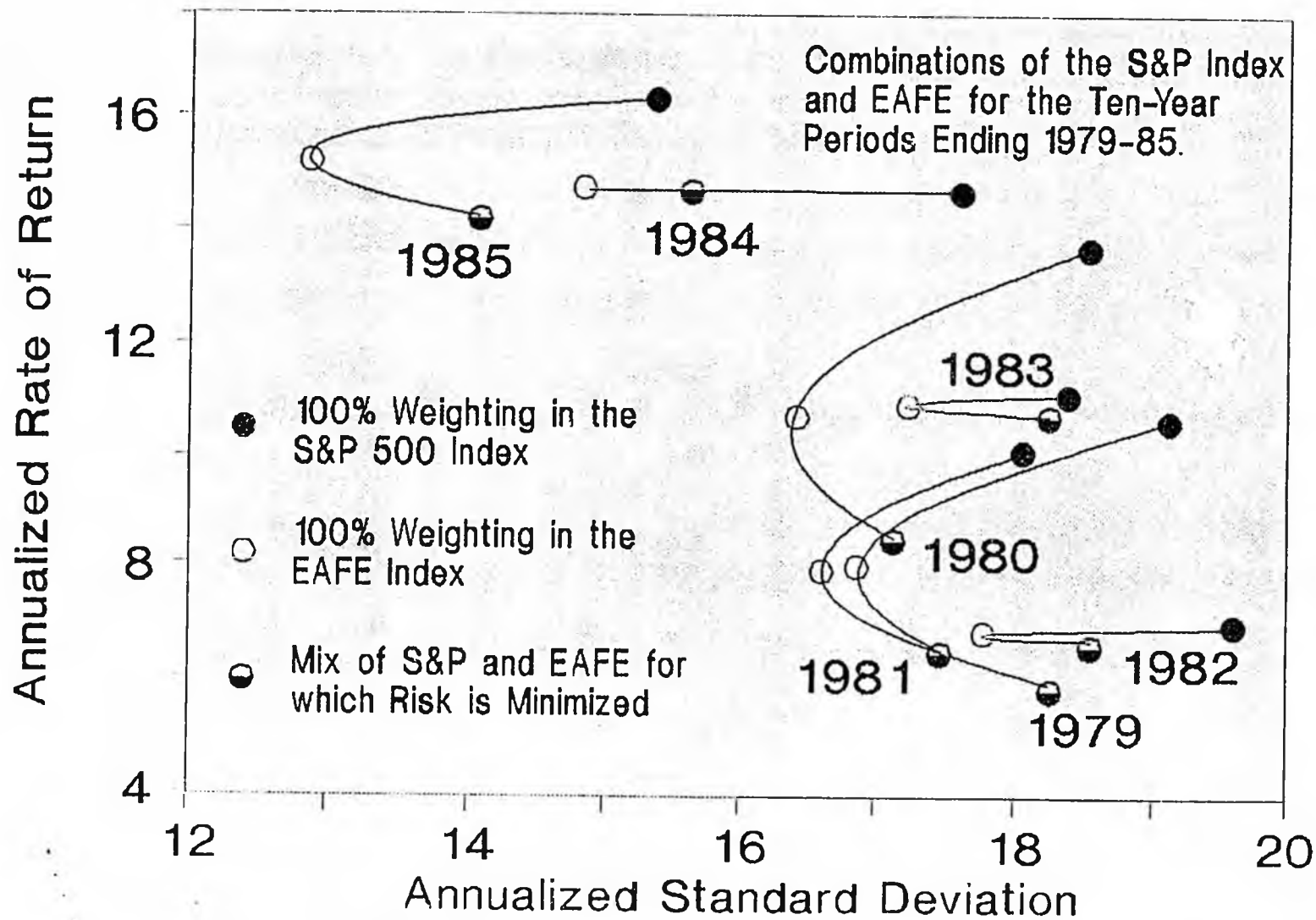


INTERNATIONAL FIXED INCOME MARKETS
STANDARD DEVIATION OF RETURNS IN U.S. DOLLARS
1970 - 1986



EAFE VERSUS THE S & P 500

RISK-RETURN ANALYSIS



THE IMPORTANCE OF INVESTING GLOBALLY IN A SHRINKING WORLD

Why foreign investments? This is a question which wouldn't even have arisen 20 years ago. In 1967, the United States' financial markets represented over two-thirds of the world's equity market capitalization, and the United States was the world's unquestioned financial and industrial leader. By the end of 1987, it represented only 33% of the world's equity market capitalization, and many economists predict that this percentage will continue to shrink.

The world's investable capital markets, excluding cash and real estate, totaled some \$13 trillion at the end of December 1986. The world fixed-income markets amounted to some \$7.4 trillion while the world equity markets totaled \$5.6 trillion. Some statisticians are projecting that by the year 2000, world GNP will be over \$15 trillion, with 75% outside the United States.

With the breakdown of exchange controls and rapid technological advances in communications, the internationalization of the world's financial markets has been proceeding at a rapid pace. To put into perspective the magnitude of these changes, one only has to consider that in 1973 television news in Juneau was delayed at least a day

and all scheduled programs were delayed a week. The tapes had to be flown to Juneau from Seattle, and not infrequently, bad weather delayed their arrival. The only access to current world news and the financial markets was the telephone.

Today, thanks to satellite telecommunications, the Alaska Permanent Fund Corporation has instant access not only to world news but also to the world's financial markets. In our office in Juneau, each of our investment officers has two television monitors on which we are able to obtain Reuters and Telerate financial services. We have instant access to the stock market, the U.S. Government bond market, foreign exchange quotations, commodities, financial futures, worldwide financial news, and trading in U.S. Government bonds in both London and Tokyo as well as New York.

The rapidity with which the world has been shrinking has been truly breathtaking. Worldwide global telecommunications and the integration of the world's financial markets is no longer a dream but well on the way to being an accomplished fact.

During the past 17 years, a period of explosive change, the non-U.S. markets have offered significant investment

opportunities for U.S. investors. Many of the world's fastest growing economies today are located in the Pacific Basin, and investments in this area offer some of the most attractive opportunities currently available.

Opportunities can be seen both in the form of return enhancement and risk reduction. A number of statistical studies have shown definite benefits from foreign investment, both in the level of return and the reduction of risk. It has been demonstrated that the inclusion of foreign investments in a domestic portfolio reduces the volatility (risk) of that portfolio since the world's financial markets do not all move in concert. The degree of benefit demonstrated varies from one study to another depending upon the particular time span used, the countries covered, and the types of investments, but the positive conclusions persist through all of them.

Global investing isn't restricted to only a few companies; it includes most of the world's major industries. The number one oil company in the world is Exxon. Numbers two and three are foreign companies - The Royal Dutch Shell Group and British Petroleum. The two largest food companies are European - Unilever of Dutch and British ownership; and Nestle, a Swiss concern. The number two and three chemical companies in the world behind Dupont are German - Bayer and

Hoechst. And the top four banks are Japanese - Daichi Kangyo, Fuji, Sumitomo, and Mitsubishi. Some of the most significant research for modern wonder drugs is being undertaken by a number of major Swiss and British pharmaceutical companies.

Currently the world is involved in fierce competition to determine which companies will be the winners in the fields of capital goods, consumer electronics, and telecommunications. A large number of the most rapidly growing firms are situated outside the United States, reflecting fast expanding overseas markets and abundant overseas supplies of industrial raw materials and of labor at various skill levels. In some instances, investors can only participate in certain areas of technology by investing in foreign firms.

Over the ten year period ending December 1986, the Standard & Poor's 500 Index managed a very healthy compounded return of 13.7% annually. The Capital International Europe, Australia, Far East Index returned an annual 22.3% for the same period. The next decade may be just the converse with the S&P at 22.3% and EAFE at 13.7%. Even if this is the case, one can be fairly certain that there will be countries, securities, and whole asset classes that will

outperform the U.S. for periods of time during the next decade.

The United States' inability to stand apart from the rest of the world as an independent entity is, above all, the reason to factor international investing into investment plans. In addition, a number of analysts suggest that the prudent man rule and the prudent expert rule require investors with fiduciary responsibilities to look carefully at developments worldwide and to put in place plans for an uncertain future - a future of unpredictable global influence on investments.

We don't know how the U.S. market will compare to foreign markets over the next twenty years. The analysis of international markets should be embraced because it can protect a securities portfolio against unforeseen dangers. Uncertainty about the future should be a compelling force leading investors to diversify as widely as possible.



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 25, 1987

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the purchase of foreign investments by the board of trustees of the Alaska Permanent Fund. The bill specifically permits the purchase of foreign securities by the board.

Returns from foreign investment have exceeded those from investments in the United States over most recent 10-year periods. In addition, the United States represents less than one-half of the world's equity capitalization, and that share is declining as foreign economies experience more rapid long-term growth. No one national market consistently produces superior or inferior returns, and foreign securities markets exhibit a low correlation with the U.S. market. Consequently, the ability to invest in those foreign securities will reduce overall portfolio risk while providing an increased return when compared to a portfolio of solely U.S. equities.


In sec. 2 of the bill, capital and surplus requirements are reduced in recognition of different international accounting conventions. For example, it has been reported in Barron's National Business and Financial Weekly that, if U.S. regulators required U.S. banks to establish a modest 10 percent reserve against their loans to the six major Latin American debtors, it would cost Chase Manhattan Bank \$4.82 a share this year and Manufacturers Hanover Trust Co. more than twice that amount. On the other hand, some German banks reserve more than 30 percent against lesser-developed-country loans. If we were to require \$500,000,000 in capital and surplus of all foreign banks,

Hon. Ben Grussendcrf

Page 2

we might be forced to eliminate investments in banks with smaller reported capital but very large unreported reserves, which might make them some of the safest banks in the world.

Sincerely,



Steve Cowper
Governor

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2

HOUSE BILL NO. 217

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to purchase of foreign investments
7 by the board of trustees of the Alaska permanent
8 fund."

9

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

10

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

11

(8) domestic corporate debt securities that [WHICH] are

12

rated AA or better by a nationally recognized rating service, or

13

foreign corporate debt securities of comparable quality;

14

* Sec. 2. AS 37.13.120(g)(19) is amended to read:

15

(19) certificates of deposit, term deposits, or bankers'

16

acceptances, which are issued by a United States or foreign bank or

17

trust company located in a foreign country and are denominated in

18

United States or foreign currency, if either (A) they may be readily

19

sold in a secondary market at prices reflecting fair value, or (B) the

20

issuing bank or trust company has capital and surplus at the date of

21

issue equaling at least \$100,000,000 [\$500,000,000]; investments made

22

under this paragraph are not subject to the collateral requirements

23

for domestic certificates under (m) of this section;

24

* Sec. 3. AS 37.13.120(g) is amended by adding a new paragraph to read:

25

(21) securities of foreign governments, foreign govern-

26

mental agencies, and foreign corporations the principal of which is,

27

or the interest or dividends on which are, payable in either United

28

States dollars or foreign currencies.

29

* Sec. 4. AS 37.13.120(h) is amended to read:

1 (h) The board may enter into future contracts for the sale of
2 investments purchased under (g) of this section, or for the sale of
3 foreign currencies, only for the purpose of hedging an existing equiv-
4 alent ownership position in these investments [SECURITIES].

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

6 (i) At the time of each investment, the aggregate investment of
7 the Alaska permanent fund in each stated category of investment may
8 not exceed the following stated percentage of the total investments of
9 the fund: mortgages under (g)(16) of this section, 15 percent; real
10 estate investments under (g)(20) of this section, 15 percent; foreign
11 certificates of deposit, foreign term deposits, and foreign bankers'
12 acceptances [OR THE EQUIVALENT] under (g)(19) of this section, 20
13 percent; securities of foreign governments, foreign governmental
14 agencies, and foreign corporations under (g)(8) and (21) of this
15 section, 20 percent; domestic corporate stocks and debt securities
16 under (g)(8), (9), and (18) of this section, 50 percent. The Alaska
17 permanent fund may at no time own more than five percent of the voting
18 stock of a corporation. Domestic stocks, except for bank and insur-
19 ance company stocks, must be listed at the date of purchase on an
20 exchange registered with the Securities and Exchange Commission.

CSHB

217

SENATE COMMITTEE REPORT

FURTHER

DATE TURNED INTO OFFICE 5/5/88

5/2/88
Mr. President:

FINANCE Committee considered CSHB 217 (FIN)

purchase of investments by the board of trustees of the Alaska permanent fund

and recommended

[] replace with _____ CS _____) [] same title
[] or adopt _____ CS _____) [] new title

[] attached amendment(s) and

[] do pass

[] do not pass

[] no recommendation

[] individual recommendations

[] further referral to _____

[] letter of intent adopted _____

Committee [] attached or [] adopted fiscal note(s)

[] new [] updated or [] previous
[] zero [] fiscal impact 35.0

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Handwritten signatures]

Paul Frick (No Rec)

Rick Halford no rec

Chairman signature and recommendation

[] Committee Backup attached

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE FINANCE COMMITTEE
2 CS FOR HOUSE BILL NO. 217 (Finance)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - SECOND SESSION
5 A BILL
6 For an Act entitled: "An Act relating to purchase of investments by the
7 board of trustees of the Alaska permanent fund."
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 [WHICH] are
11 rated AA or better by a nationally recognized rating service, or
12 foreign corporate debt securities of comparable quality;
13 * Sec. 2. AS 37.13.120(g)(19) is amended to read:
14 (19) certificates of deposit, term deposits, or bankers'
15 acceptances, which are issued by a United States or foreign bank or
16 trust company located in a foreign country and are denominated in
17 United States or foreign currency, if either (A) they may be readily
18 sold in a secondary market at prices reflecting fair value, or (B) the
19 issuing bank or trust company has capital, [AND] surplus, and retained
20 earnings at the date of issue equaling at least \$500,000,000; invest-
21 ments made under this paragraph are not subject to the collateral
22 requirements for domestic certificates under (m) of this section;
23 * Sec. 3. AS 37.13.120(g) is amended by adding a new paragraph to read:
24 (21) securities of foreign governments, foreign govern-
25 mental agencies, and foreign corporations the principal of which is,
26 or the interest or dividends on which are, payable in either United
27 States dollars or foreign currencies.
28 * Sec. 4. AS 37.13.120(h) is amended to read:
29 (h) The board may enter into future contracts for the sale of

1 investments purchased under (g) of this section, or for the sale of
2 foreign currencies, only for the purpose of hedging an existing equiv-
3 alent ownership position in these investments [SECURITIES].

4 * Sec. 5. AS 37.13.120(i) is amended to read:

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

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

21 (2) real estate investments under (g)(20) of this section -
22 15 percent;

23 (3) foreign certificates of deposit, foreign term deposits,
24 and foreign bankers' acceptances under (g)(19) of this section, and
25 securities of foreign governments, foreign governmental agencies, and
26 foreign corporations under (g)(8) and (21) of this section - 20 per-
27 cent;

28 (4) domestic corporate stocks and debt securities under
29 (g)(8), (9), and (18) of this section - 50 percent.



Alaska Permanent Fund Corporation
Pouch 4-1000 Juneau, Alaska 99802
(907) 465-2047 Telex 099-46-323

April 13, 1987

Representative Fran Ulmer, Chair
House State Affairs Committee
P.O. Box V
Juneau, Alaska 99811

Dear Representative Ulmer:

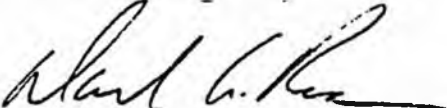
I am writing to request that you schedule House Bill No. 217, "An Act relating to purchase of foreign investments by the board of trustees of the Alaska permanent fund."

This bill is supported by the board of trustees of the Alaska Permanent Fund Corporation. It was originally recommended by the Trustees on September 26, 1986 (see Board Resolution 86-13 attached). Since the Board membership at that time was quite a bit different than at present, the bill was discussed again at the most recent Board meeting on March 9, 1987, and the original recommendation for passage of this bill still stands.

We think it is important for the legislature to expand the Fund's authorized list of investments to include foreign securities, and we look forward to testifying in support of this bill at your earliest convenience. Staff will be providing your committee with back-up material on this bill in particular and global investing in general.

Thank you.

With warm regards,



David A. Rose
Executive Director

Attachment

{

RESOLUTION OF THE BOARD OF TRUSTEES
THE ALASKA PERMANENT FUND CORPORATION
REGARDING INVESTMENTS IN FOREIGN SECURITIES

RESOLUTION 86-13

WHEREAS, returns from foreign investment have exceeded those in the United States over most recent ten year periods; and

WHEREAS, the United States represents less than one-half of the world's equity capitalization and is declining in share as foreign economies experience more rapid long-term growth; and

{

WHEREAS, equity participation in many emerging and fast growth industries can only be attained through foreign investment; and;

WHEREAS, foreign securities markets exhibit a low correlation with the U.S. market therefore reduced overall portfolio volatility will result from international investments; and

WHEREAS, no one national market consistently produces superior or inferior returns; and

WHEREAS, combining U.S. and international investments has consistently provided both increased return and reduced risk compared to a portfolio of all U.S. equities; and

11

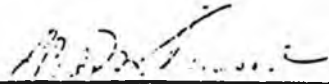
WHEREAS, growth in the U.S. economy remains slow while many foreign economies enjoy more rapid and accelerating growth; and

WHEREAS, increased disposable income and low inflation abroad is spurring consumer demand and domestic growth; and

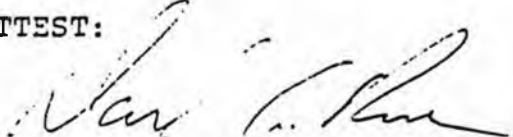
WHEREAS, a continuation of the dollar's gradual descent will enhance U.S. investors' total return from foreign security holdings;

NOW THEREFORE BE IT RESOLVED that the Board of Trustees recommend that the State of Alaska Legislature consider and adopt legislation permitting purchase of foreign securities similar in content to the suggested Bill attached hereto as Appendix A.

PASSED AND APPROVED by the Board of Trustees of the Alaska Permanent Fund Corporation, this 26th day of September, 1986.


Clyde M. Sherwood, Chairman
Board of Trustees
Alaska Permanent Fund Corporation

ATTEST:


David A. Rose, Executive Director

ALASKA PERMANENT FUND CORPORATION
BOARD OF TRUSTEES

APPENDIX A TO RESOLUTION 86-13
INVESTMENTS IN FOREIGN SECURITIES

A BILL

For an Act entitled: "An Act relating to purchase of foreign securities by the Alaska permanent fund."

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

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

(8) domestic corporate debt securities which are rated AA or better by a nationally recognized rating service, or foreign corporate debt securities of comparable quality;

* Sec. 2. AS 37.13.120(g) (19) is amended to read:

(19) certificates of deposit, term deposits, or bankers' acceptances, which are issued by a United States or foreign bank or trust company located in a foreign country and are denominated in United States or foreign currency, if either (A) they may be readily sold in a secondary market at prices reflecting fair value, or (B) the issuing bank or trust company has capital and surplus at the date of issue equaling at least \$100,000,000 (\$500,000,000); investments made under this paragraph are not subject to the collateral requirements for domestic certificates under (m) of this section;

* Sec. 3. AS 37.13.120(g) is amended by adding a new paragraph to read:

(21) securities of foreign governments, foreign governmental agencies, and foreign corporations the principal of which is, or the interest or dividends on which are, payable in either United States dollars or foreign currencies.

* Sec. 4. AS 37.13.120(h) is amended to read:

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

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 25, 1987

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the purchase of foreign investments by the board of trustees of the Alaska Permanent Fund. The bill specifically permits the purchase of foreign securities by the board.

Returns from foreign investment have exceeded those from investments in the United States over most recent 10-year periods. In addition, the United States represents less than one-half of the world's equity capitalization, and that share is declining as foreign economies experience more rapid long-term growth. No one national market consistently produces superior or inferior returns, and foreign securities markets exhibit a low correlation with the U.S. market. Consequently, the ability to invest in those foreign securities will reduce overall portfolio risk while providing an increased return when compared to a portfolio of solely U.S. equities.


In sec. 2 of the bill, capital and surplus requirements are reduced in recognition of different international accounting conventions. For example, it has been reported in Barron's National Business and Financial Weekly that, if U.S. regulators required U.S. banks to establish a modest 10 percent reserve against their loans to the six major Latin American debtors, it would cost Chase Manhattan Bank \$4.82 a share this year and Manufacturers Hanover Trust Co. more than twice that amount. On the other hand, some German banks reserve more than 30 percent against lesser-developed-country loans. If we were to require \$500,000,000 in capital and surplus of all foreign banks,

Hon. Ben Grussendorf

Page 2

we might be forced to eliminate investments in banks with smaller reported capital but very large unreported reserves, which might make them some of the safest banks in the world.

Sincerely,



Steve Cowper
Governor



ALASKA STATE CHAMBER OF COMMERCE

310 Second Street
Juneau, Alaska 99801
(907) 586-2323

March 4, 1988

The Honorable Al Adams, Chairman
House Finance Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Al:

On Monday, March 7 you will be considering HB 217 relating to foreign investment by the Alaska Permanent Fund.

We have reviewed the Bill and strongly support the legislation as set forth in the committee substitute.

The Alaska State Chamber favors passage for the following reasons:

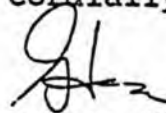
1. The Fund has developed (and earned) a reputation for conservative, careful, and deliberate investment. It clearly has the professional competence to utilize the additional proposed investment tools for the betterment of the State and its citizens.
2. The expansion of investments to the international arena provides further diversification of the Fund's stock and bond portfolios. This blending and diversifying permits the Fund to continue its investment mission at lower risk than that currently being experienced.
3. Generally, foreign investments generate higher earnings than domestic investments. This is evidenced by the performance of such investments in State PERS and TRS. While this should not be a compelling argument for foreign investment, it is clearly indicative that expected returns, over time, will be at least equal to domestic investments.
4. Finally, and perhaps most important from our viewpoint, is the by-product benefit of foreign investment. The contacts made by the Fund will be extremely valuable. As it researches foreign corporations; confers, meets, and enters into business arrangements with major nondomestic bankers and financiers; and creates dialogue with business leaders throughout the world, the Fund will bring business visitors and potential investors to our state. As these visitors

establish relationships with the Fund, they will gain firsthand exposure to Alaska and its business and economic opportunities.

The global outreach which will be facilitated by international investment is most timely in these difficult economic times for Alaska. We must do everything possible to expand our horizons and develop increased economic activity. Enactment and implementation of the Committee Substitute for House Bill 217 will help us accomplish this.

We recommend its adoption.

Cordially,



George Krusz
President

SENATE COMMITTEE REPORT

REC'D
4/14/88
esk

FURTHER

FINANCE

DATE TURNED INTO OFFICE _____

4/14/88
Mr. President:

JUDICIARY Committee considered CSHB 217 (FIN)

purchase of investments by the board of trustees of the Alaska permanent fund
and recommended *+ reports it such as follows*

replace with _____ CS _____) same title
 or adopt _____ CS _____) new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted _____

Committee attached or adopted fiscal note(s)

new updated or previous

zero fiscal impact

MEMBERS SIGNING DO PASS

2 William J. ...
2 Joseph ...

OTHER RECOMMENDATIONS

Chairman signature and recommendation
No Rec

SENATE COMMITTEE REPORT

FURTHER

JUDICIARY
FINANCE

DATE TURNED INTO OFFICE 4-14-88

3/22/88

Mr. President:

STATE AFFAIRS Committee considered CSHB 217 (FIN)

purchase of investments by the board of trustees of the Alaska permanent fund and recommended

[] replace with _____ CS _____) [] same title
[] or adopt _____ CS _____) [] new title

[] attached amendment(s) and

Mason
 do pass

[] do not pass

[] no recommendation

[] individual recommendations

[] further referral to _____

[] letter of intent adopted _____

Committee attached or [] adopted fiscal note(s)
[] new [] updated or previous ^{NO}
[] zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Handwritten signatures]

[Handwritten signature]

Chairman signature and recommendation

[] Committee Backup attached

HB

219

HOUSE COMMITTEE REPORT

Date referred: 4/17/87

FURTHER REFERRALS:

DATE: 2/24/88

The Finance Committee has considered HB 219

"An Act making an appropriation to the University of Alaska for operation of the Alaska Center for International Business; making a special appropriation to the University of Alaska for payment as a grant to the University of Alaska Foundation for operation of the Alaska Center for International Business; and providing for an effective date."

RECOMMENDS:

- replace with CS HB 219 (Finance) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

ADAMS Al Adams

POURCHOT Pat Pourchot

BOYER Mark Boyer

DAVIS Bob Davis

LARSON Ronald J. Larson

GOLL Pete Goll

SWACK-HAMMER Al Swack-Hammer

KRANK Frank

SIGNING OTHER RECOMMENDATIONS:

WALLIS Ray Wallis

RIEGER Steve Rieger

Al Adams
Chairman's signature

Original sponsor: Rules Committee/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 219 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act transferring and appropriating certain loans,
7 assets, and fund equities to the student loan fund;
8 and providing for an effective date."

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

10 * Section 1. All right, title, and interest in scholarship loans made
11 under AS 14.43.090 - 14.43.160, together with assets and fund equities held
12 in the scholarship revolving loan fund (AS 14.43.090) on December 31, 1987,
13 and remaining in the fund on the effective date of this Act, are trans-
14 ferred and appropriated to the student loan fund (AS 14.42.210) of the
15 Alaska Student Loan Corporation.

16 * Sec. 2. All right, title, and interest in scholarship loans made
17 under AS 14.43.600 - 14.43.700, together with assets and fund equities held
18 in the teacher scholarship revolving loan fund (AS 14.43.620) on Decem-
19 ber 31, 1987, and remaining in the fund on the effective date of this Act,
20 are transferred and appropriated to the student loan fund (AS 14.42.210) of
21 the Alaska Student Loan Corporation.

22 * Sec. 3. All right, title, and interest in scholarship loans made
23 under AS 14.43.090 - 14.43.160, together with assets and fund equities
24 held in the scholarship revolving loan fund (AS 14.43.090) on the effective
25 date of this Act are transferred and appropriated to the student loan fund
26 (AS 14.42.210) of the Alaska Student Loan Corporation.

27 * Sec. 4. All right, title, and interest in scholarship loans made
28 under AS 14.43.600 - 14.43.700, together with assets and fund equities
29 held in the teacher scholarship revolving loan fund (AS 14.43.620) on the

1 effective date of this Act are transferred and appropriated to the student
2 loan fund (AS 14.42.210) of the Alaska Student Loan Corporation.

3 * Sec. 5. The appropriations made by this Act are for capitalization of
4 a loan fund and do not lapse under AS 37.25.010.

5 * Sec. 6. Sections 1 - 2 of this Act are retroactive to December 31,
6 1987.

7 * Sec. 7. This Act takes effect immediately under AS 01.10.070(c).
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Alaska State Legislature

REPRESENTATIVE
PAT POURCHOT

HOUSE FINANCE COMMITTEE,
VICE CHAIR

HOUSE ETHICS COMMITTEE, CHAIR

LEGISLATIVE BUDGET & AUDIT
COMMITTEE



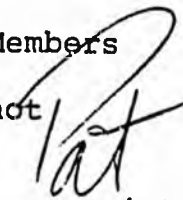
House of Representatives

ANCHORAGE
P O BOX 10483E
ANCHORAGE AK 9951C
(W) (907) 561-7623
(H) (907) 338-2425

JUNEAU
P.O. BOX V
STATE CAPITOL
JUNEAU, AK 99811
(907) 465-3712

M E M O R A N D U M

TO: House Finance Committee Members

FROM: Representative Pat Pourchot 

RE: CSHB 219 (Fin)
An Act transferring and appropriating certain
loans, assets, and fund equities to the student
loan fund

DATE: February 19, 1988

Please find attached a copy of the draft committee substitute and pertinent back-up materials for the above-referenced bill. The committee substitute will be before the House Finance Committee on Wednesday, February 24.

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

POUCH FP
JUNEAU, ALASKA 99811
PHONE: (907) 465-2854

M E M O R A N D U M

TO: The Honorable Pat Pourchot
Alaska State Representative

FROM: Kerry D. Romesburg, Executive Director
Alaska Commission on Postsecondary Education

DATE: February 16, 1988

The Alaska Student Loan Corporation and the Alaska Commission on Postsecondary Education request the Legislature appropriate the existing scholarship loan fund (AS 14.43.090) and teacher scholarship loan fund (AS 14.43.210) to the newly established student loan fund (AS 14.42.210).

Why? In order to issue bonds for student loans, we need to have an asset base against which the bond collateral is pledged. Without the income stream from the existing portfolio of loans, we cannot issue bonds.

What Happens Without Appropriations? If the portfolio is not transferred--by appropriation. We issue no bonds. If bonds are not issued this Spring, the Legislature does not get back the \$41.0 million from the FY88 student loan appropriation, and we would need an additional \$35.0 million in General Fund for the FY89 student loan program. In other words, not bonding due to lack of portfolio would "cost" about \$76.0 in General Fund if we are to have a student loan program in FY89.

Timeliness of Action. The schedule is to issue bonds the week of May 3, 1988. To do this, we must have a firm bonding proposal to rating agencies the first week of April. This means the question on the status of the portfolio must be settled by mid-March. Any delay in appropriation, delays the bond sale and creates uncertainty as to the awarding of FY89 student loans. (We already have nearly 3,000 FY89 applications in house).

Action Requested. The Corporation and the Commission request the appropriation of these loan accounts as soon as possible. We need to have official audit statements issued and we need to have the official statement for bond issuance prepared. To do these, we must have a firm (without uncertainty) asset base.

WOHLFORTH, FLINT & GRUENING

A PARTNERSHIP OF PROFESSIONAL CORPORATION

ATTORNEYS AT LAW

900 WEST 8TH AVENUE, SUITE 800

ANCHORAGE, ALASKA 99501

PETER ARGETSINGER
JULIUS J. BRECHT
CHARLES G. EVANS
ROBERT S. FLINT
CLARK S. GRUENING*
ROBERT M. JOHNSON
ROBERT S. SPITZPAGEN*
KENNETH E. VASSAR
ERIC E. WOHLFORTH

JANICE COLEMAN GRAHAM**
STEPHEN E. GREER
THOMAS F. KLINNER
RODER A. LUBOVICH
BRADLEY E. MEYEN
DANIEL PATRICK O'TIERNEY
PATRICK RUMLEY
JAMES A. SARAFIN
JAMES R. SZENDER

*JUNEAU OFFICE
**ADMITTED IN NEW YORK ONLY

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(907) 278-8401

TELECOPY
(907) 278-8093

JUNEAU OFFICE
217 SECOND STREET
JUNEAU, ALASKA 99801
TELEPHONE (907) 888-8110

OF COUNSEL
ROGER G. CONNOR
RICHARD W. GARNETT, III

February 12, 1988

Representative Pat Pourchot
P. O. Box V
Juneau, Alaska 99811

Dear Representative Pourchot:

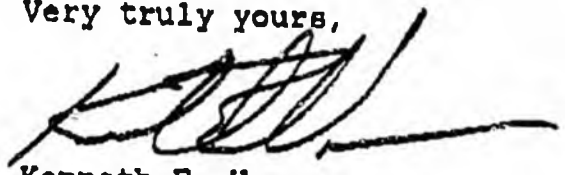
Dr. Kerry Romesburg has asked that we prepare this letter to you explaining why we are seeking an appropriation of the assets in the scholarship revolving loan fund (AS 14.43.090) to the student loan fund (AS 14.42.210). In its passage of SCS CSHB 39(Fin) (which became Chapter 92 SLA 1987), the Legislature included, as substantive law, a grant of power to the Alaska Commission on Postsecondary Education to sell or assign these assets to the Alaska Student Loan Corporation (see AS 14.43.090(d) as enacted in Section 4, Chapter 92 SLA 1987).

After the creation of the Alaska Student Loan Corporation and the creation of a financing team to serve that corporation, a review of the substantive law provision as to sale or assignment of the assets referred to above led to some concern with respect to the constitutional requirements that (i) state moneys be withdrawn from the state treasury only pursuant to an appropriation, and (ii) appropriations bills remain separate from substantive law bills.

We believe that the substantive law provisions contained in Chapter 92 SLA 1987 are probably sufficient of themselves and comply with state constitutional requirements. However, much careful consideration by the various members of the financial team make it clear that a reasonable argument can be made that an appropriation of these assets is required under our constitution. The availability of these assets free of any doubt as to the validity of their transfer to the Student Loan Corporation is fundamental to the successful conclusion of the corporation's proposed bond issuance. Therefore, any reasonable doubt in this area is likely to make such bond issuance impossible.

Obviously, passage of the proposed appropriation at the earliest time possible is important to permit the proposed bond issuance to proceed in a timely fashion. We appreciate your consideration of this request, and I am very happy to talk with you or your staff at any time if there are any further questions.

Very truly yours,

A handwritten signature in black ink, appearing to read 'K. E. Vasaar', with a long horizontal flourish extending to the right.

Kenneth E. Vasaar

Alaska State Legislature

REPRESENTATIVE
PAT POURCHOT

HOUSE FINANCE COMMITTEE,
VICE CHAIR

HOUSE ETHICS COMMITTEE, CHAIR

LEGISLATIVE BUDGET & AUDIT
COMMITTEE



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JUNEAU
P.O. BOX V
STATE CAPITOL
JUNEAU, AK 99811
(907) 465-3712

House of Representatives

CS HB 219 (FIN), AN ACT TRANSFERRING AND APPROPRIATING CERTAIN LOANS, ASSETS, AND FUND EQUITIES TO THE STUDENT LOAN FUND

Appropriates all right, title and interest in student loans and teacher scholarship loans, together with assets and equities in the loan fund, to the Alaska Student Loan Corporation.

Rationale

- June 1987 Chapter 92, SLA 87 (HB 39) signed by Governor. Established Alaska Student Loan Corporation and authorized the corporation to issue bonds, the proceeds of which would be used to make student loans. In addition, authorized the Postsecondary Education Commission to transfer assets in the scholarship revolving loan fund to the Corporation to serve as coverage for the bonds.
- Chapter 93, SLA 87 (HB 298) signed by Governor. Appropriated \$56.7 million from the general fund to the Student Loan Corporation to be awarded as loans. Once bonds have been issued, appropriates \$41 million back to the general fund.
- Dec. 1987 Financing team selected by Student Loan Corporation.
- Jan. 1988 Financing team expressed concern that the provision in HB 39 authorizing transfer of assets to the Corporation may conflict with Alaska's Constitutional requirement that state funds be transferred only by appropriation and that appropriation bills be separate from substantive law bills.
- April 1988 Bonds are to be issued. Any doubt regarding the transfer of assets to the Corporation is likely to make bond issuance impossible. If bonds aren't issued, \$41 million will not be returned to the general fund in FY 88, and an additional \$35 million in general funds will

Introduced: 3/27/87
Referred: Labor & Commerce
Health, Education & Social
Services and Finance

wol42hb

Funding Information
General Fund \$5,400,000
Other Funds -0-
\$5,400,000

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 219

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making an appropriation to the University of
7 Alaska for operation of the Alaska Center for
8 International Business; making a special
9 appropriation to the University of Alaska for payment
10 as a grant to the University of Alaska Foundation for
11 operation of the Alaska Center for International
12 Business; and providing for an effective date."

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

14 * Section 1. The sum of \$400,000 is appropriated from the general fund
15 to the University of Alaska for operation of the Alaska Center for Interna-
16 tional Business for fiscal year 1988.

17 * Sec. 2. (a) The sum of \$5,000,000 is appropriated from the general
18 fund to the University of Alaska for payment as a grant to the University
19 of Alaska Foundation for operations of the Alaska Center for International
20 Business for fiscal years after fiscal year 1988.

21 (b) It is the intent of the legislature that the grant made by (a) of
22 this section to the University of Alaska Foundation, and all income
23 from the grant, be used to fund operations of the Alaska Center for
24 International Business.

25 * Sec. 3. This Act takes effect July 1, 1987.