

HOUSE BILL NO. 213

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTIETH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE PARISH

Introduced: 4/5/17

Referred:

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the investment, appropriation, and administration of the public**
2 **school trust fund."**

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

4 * **Section 1.** AS 37.14.110(c) is amended to read:

5 (c) The commissioner of revenue shall determine the net income of the fund in
6 accordance with investment accounting principles [AND IN A MANNER THAT
7 PRESERVES THE DISTINCTION BETWEEN PRINCIPAL AND INCOME AND
8 THAT EXCLUDES CAPITAL GAINS OR LOSSES REALIZED ON PRINCIPAL].
9 The principal of the fund [AND THE CAPITAL GAINS OR LOSSES REALIZED
10 ON PRINCIPAL] shall be perpetually retained in the fund for investment purposes.

11 * **Sec. 2.** AS 37.14.160 is amended to read:

12 **Sec. 37.14.160. Duties of the commissioner of revenue.** The commissioner of
13 revenue is the treasurer of the trust fund created in AS 37.14.110 and shall

14 (1) in carrying out investment duties under this section, exercise the

1 same powers and duties established for the Alaska Retirement Management Board in
2 AS 37.10.220;

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

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

7 (4) provide reports to the board established under AS 37.14.120 on the
8 condition and investment performance of the fund;

9 **(5) determine, on July 1 of each year, the monthly average market**
10 **value of the fund for the previous 10 fiscal years.**

11 * **Sec. 3.** AS 37.14 is amended by adding a new section to read:

12 **Sec. 37.14.165. Use of the public school trust fund.** Each year, the legislature
13 may appropriate 4.75 percent of the amount determined by the commissioner of
14 revenue under AS 37.14.160(5) for the following purposes:

15 (1) funding support of the state public school program; and

16 (2) reimbursement of the costs of administration of the fund.

17 * **Sec. 4.** AS 37.14.170 is amended to read:

18 **Sec. 37.14.170. Investments.** The commissioner of revenue is the fiduciary of
19 the trust fund and shall invest the fund to provide increasing **returns from capital**
20 **appreciation and** net income over long-term periods to the fund's **current**
21 [INCOME] beneficiaries. The commissioner may invest the money in the fund on the
22 basis of probable total rate of return to promote the long-term generation of **capital**
23 **appreciation and** income. In managing the trust fund, the commissioner shall

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

26 (2) determine the appropriate investment objectives;

27 (3) establish investment policies to achieve the objectives; and

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

30 * **Sec. 5.** AS 37.14.140 is repealed.