

SENATE BILL NO. 98

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Introduced: 3/8/23

Referred: Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the power cost equalization endowment fund; and relating to the**
2 **Alaska Permanent Fund Corporation."**

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

4 *** Section 1.** AS 37.13 is amended by adding a new section to article 2 to read:

5 **Sec. 37.13.310. Corporation to manage the power cost equalization**
6 **endowment fund.** (a) The corporation shall manage the power cost equalization
7 endowment fund.

8 (b) The corporation shall

9 (1) manage the power cost equalization endowment fund as provided
10 under AS 42.45.080;

11 (2) at least quarterly, prepare, publish, and distribute to the legislature
12 a financial report showing investment revenue and expenditures, including the
13 allocation of the cash assets of the power cost equalization endowment fund among
14 investments; the corporation shall deliver the report to the senate secretary and the

1 chief clerk of the house of representatives and notify the legislature that the report is
2 available; and

3 (3) annually prepare, publish, and distribute to the legislature financial
4 statements prepared in accordance with generally accepted accounting principles
5 consistently applied, and an audit report prepared by a certified public accountant; the
6 corporation shall deliver the report to the senate secretary and the chief clerk of the
7 house of representatives and notify the legislature that the report is available.

8 (c) Net income from the power cost equalization endowment fund may not be
9 included in the computation of net income or market value available for distribution or
10 appropriation under AS 37.13.140.

11 * **Sec. 2.** AS 42.45.070(a) is amended to read:

12 (a) The power cost equalization endowment fund is established as a separate
13 fund of the **corporation** [AUTHORITY]. The fund consists of

14 (1) legislative appropriations to the fund that are not designated for
15 annual expenditure for the purpose of power cost equalization;

16 (2) accumulated earnings of the fund;

17 (3) gifts, bequests, contributions of money and other assets, and federal
18 money given to the fund that are not designated for annual expenditure for power cost
19 equalization; and

20 (4) [REPEALED]

21 * **Sec. 3.** AS 42.45.080 is amended to read:

22 **Sec. 42.45.080. Powers and duties of the corporation [COMMISSIONER**
23 **OF REVENUE].** (a) **The power cost equalization endowment fund shall be**
24 **managed by the corporation under AS 37.13.310.** The **corporation**
25 [COMMISSIONER OF REVENUE] is the fiduciary of the fund. In managing the
26 fund, the **corporation** [COMMISSIONER] shall

27 (1) have the same powers and duties as are provided in AS 37.10.071;
28 and

29 (2) **hold and invest the fund subject to AS 37.13.120** [APPLY THE
30 PRUDENT-INVESTOR RULE WHEN INVESTING THE FUND; THE
31 "PRUDENT-INVESTOR RULE" AS APPLIED TO INVESTMENT ACTIVITY OF

1 THE FUND MEANS EXERCISING THE JUDGMENT AND CARE UNDER THE
 2 CIRCUMSTANCES THEN PREVAILING THAT AN INSTITUTIONAL
 3 INVESTOR OF ORDINARY PRUDENCE, DISCRETION, AND INTELLIGENCE
 4 EXERCISES IN THE DESIGNATION AND MANAGEMENT OF LARGE
 5 INVESTMENTS ENTRUSTED TO IT, NOT IN REGARD TO SPECULATION,
 6 BUT IN REGARD TO THE PERMANENT DISPOSITION OF FUNDS,
 7 CONSIDERING PRESERVATION OF THE PURCHASING POWER OF THE
 8 FUND OVER TIME WHILE MAXIMIZING THE EXPECTED TOTAL RETURN
 9 FROM BOTH INCOME AND THE APPRECIATION OF CAPITAL].

10 (b) In managing the fund, the corporation [COMMISSIONER] shall

11 (1) consider the status of the fund's capital and the income generated
 12 on both current and probable future bases;

13 (2) determine the appropriate investment objectives;

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

15 (4) act only in regard to the best financial interests of the fund.

16 (c) On July 1 of each year, the corporation [COMMISSIONER] shall
 17 determine

18 (1) the monthly average market value of the fund for the previous three
 19 closed fiscal years; and

20 (2) the earnings of the fund for the previous closed fiscal year.

21 * **Sec. 4.** AS 42.45.085(a) is amended to read:

22 (a) Five percent of the amount determined by the corporation
 23 [COMMISSIONER OF REVENUE] on July 1 of each year under AS 42.45.080(c)(1)
 24 may be appropriated for the following purposes:

25 (1) funding the power cost equalization and rural electric capitalization
 26 fund (AS 42.45.100);

27 (2) reimbursement to the corporation [DEPARTMENT OF
 28 REVENUE] for the costs of establishing and managing the fund; and

29 (3) reimbursement of other costs of administration of the fund.

30 * **Sec. 5.** AS 42.45.099 is amended to read:

31 **Sec. 42.45.099. Definitions [DEFINITION].** In AS 42.45.070 - 42.45.099,

- 1 **(1) "corporation" means the Alaska Permanent Fund Corporation**
2 **established in AS 37.13.040;**
3 **(2)** "fund" means the power cost equalization endowment fund
4 established in AS 42.45.070.