

Alaska State Legislature



Official Business

Speaker of the House of Representatives

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SPONSOR STATEMENT

House Bill 384: "An Act increasing the minimum wage; and providing for an effective date."

House Bill 384 raises the minimum wage to \$8.75 an hour until December 31, 2015, and not less than \$9.75 an hour on and after January 1, 2016, until December 31, 2017. Thereafter, the minimum wage would be adjusted annually for inflation. The Department of Labor and Workforce Development Commissioner will calculate the adjustment for inflation annually, on or before September 30, for the following calendar year. The language is similar to that found in the ballot initiative to increase the minimum wage.

According to Alaskans for a Fair Minimum Wage, "After having the highest minimum wage in the nation for the four decades following statehood, Alaska has fallen in recent years to 17th place among the states. A single parent working full-time, 2080 hours at the current minimum wage of \$7.75, earns \$16,120 annually, less than two-thirds of the poverty rate for a family of three in Alaska. Had the Alaska Legislature not repealed in 2003 the modest cost of living adjustment mechanism they had approved less than a year earlier in the bill raising the minimum wage to \$7.15, that wage would be \$9.53 today." This legislation is an opportunity to ensure the minimum wage is inflation-proofed.

While many Alaskans support increasing the minimum wage, the ballot initiative sponsors have voiced concern that Legislature in passing HB 384 will repeat the events that occurred in 2002 and 2003. In 2002, the Legislature passed a bill similar to an approved voter initiative, thus removing the petition from the ballot. The following year the Legislature passed a bill removing the annual inflation adjustment. It is not the intent of the Speaker or House leadership to make similar changes in the next legislative session.

Passing legislation to increase the minimum wage will guarantee Alaskans get a minimum wage increase, including inflation-proofing. A ballot proposition does not guarantee voters will pass the measure. Legislation further allows for a strong public process through Legislative hearings and public testimony, process that would be lacking if the minimum wage is increased through an initiative.