

# ALASKA STATE SENATE



**SENATOR FRED DYSON**

**SENATE DISTRICT F**

## **Sponsor Statement for Senate Bill 182**

*“An Act relating to salary differences in collective bargaining agreements subject to the Public Employment Relations Act that are based on a difference in the cost of living outside the state and the cost of living in the state; and providing for an effective date.”*

Currently, due to statute and collective bargaining agreement requirements, Marine Highway vessel employees residing within the State receive increased wages for their residency. These cost of living differential (COLD) payments result in significant costs to the State and increased conflict between the State and the three maritime unions due to on-going investigations of residency.

The COLD statute within the Public Employee Relations Act provides that the salaries paid, as of August, 1977, to employees residing outside the state remain unchanged until the difference between those salaries and the salaries paid employees residing in the state reflects the difference between the cost of living in Alaska and Seattle, Washington. Though at the time of passage this statute served a legitimate purpose, it is no longer necessary as there currently is not a cost of living difference between Seattle and Anchorage. But because this requirement is in law, the State of Alaska has paid approximately \$7.6 Million per year more than if this requirement was not in law.

Senate Bill 182 will take this requirement out of statute and prohibit the use of such a cost of living differential in future collective bargaining agreements with the three maritime public unions. The prohibition of bargaining on this item will trigger a rule in the collective bargaining agreements, which requires the parties to replace any rule that is held to be invalid by operation of law. This will not prohibit the State and maritime unions from bargaining other benefits for employees residing in the State.

Finally, SB 182 will only effect bargaining agreements settled after the effective date and allow current recipients of the COLD continue to receive their benefit until the current agreement expires.

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