

SENATE BILL NO. 46

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 1/18/01

Referred: Labor and Commerce, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to increasing the minimum hourly wage under the Alaska Wage and**
2 **Hour Act; and providing for an effective date."**

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

4 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
5 to read:

6 FINDINGS. (a) The legislature finds that

7 (1) the current state minimum hourly wage is set by statute and does not
8 ensure that the lowest-paid workers in Alaska do not live in poverty;

9 (2) a single parent with two children working full time at the current state
10 minimum hourly wage will earn 66 percent of the 2000 poverty level for a family of three in
11 Alaska;

12 (3) a two-parent family of four in which both parents work or one parent
13 works two jobs for a total of 60 hours per week at the current state minimum hourly wage will
14 earn 83 percent of the poverty level for a family of four in Alaska in 2000;

1 (4) since 1959, state law has provided that the state minimum hourly wage is
 2 50 cents per hour higher than the federal minimum hourly wage; that differential in the state
 3 minimum wage to the federal minimum wage has declined from 50 percent to less than 10
 4 percent;

5 (5) because the state minimum hourly wage is tied to the federal minimum
 6 wage law, the state minimum hourly wage has gone as long as nine years, from 1981 to 1990,
 7 without an increase; the state minimum hourly wage will continue to lose ground against
 8 inflation in Alaska as long as it is linked to the infrequently adjusted federal minimum wage;
 9 and

10 (6) Alaska has a lower minimum hourly wage than do California, Oregon, and
 11 Washington; those three states historically account for approximately 30 percent of in-
 12 migration of employees to Alaska.

13 (b) The legislature further finds that it is in the public interest that the state minimum
 14 hourly wage

15 (1) is increased to a level that provides workers employed at the state
 16 minimum hourly wage with a reasonable chance of working their way out of poverty;

17 (2) remains competitive with the minimum hourly wage set in other West
 18 Coast states; and

19 (3) is annually increased for inflation to protect the purchasing power of low-
 20 wage workers, in order to enable them to remain self-sufficient; predictable and incremental
 21 adjustments would eliminate the necessity for further legislation that sometimes results in
 22 large single-year increases in the state minimum hourly wage that may be difficult for Alaska
 23 employers to absorb.

24 * **Sec. 2.** AS 23.10.065(a) is amended to read:

25 (a) Except as provided under (b) of this section, an employer shall pay to each
 26 employee wages at a rate of not less than **\$6.40 per hour** [50 CENTS AN HOUR
 27 GREATER THAN THE PREVAILING FEDERAL MINIMUM WAGE LAW] for
 28 hours worked in a pay period, whether the work is measured by time, piece,
 29 commission, or otherwise. An employer may not apply tips or gratuities bestowed
 30 upon employees as a credit toward payment of the minimum hourly wage required by
 31 this section. Tip credit as defined by the Fair Labor Standards Act of 1938 as

1 amended does not apply to the minimum wage established by this section.

2 * **Sec. 3.** AS 23.10.065(a) is amended to read:

3 (a) Except as provided under (b) of this section, an employer shall pay to each
4 employee wages at a rate of not less than \$7.15 [\$6.40] per hour for hours worked in a
5 pay period, whether the work is measured by time, piece, commission, or otherwise.
6 An employer may not apply tips or gratuities bestowed upon employees as a credit
7 toward payment of the minimum hourly wage required by this section. Tip credit as
8 defined by the Fair Labor Standards Act of 1938 as amended does not apply to the
9 minimum wage established by this section.

10 * **Sec. 4.** AS 23.10.065(a) is amended to read:

11 (a) Except as provided under (b) of this section, an employer shall pay to each
12 employee wages at a rate of not less than the amount established under (d) of this
13 section [\$7.15 PER HOUR] for hours worked in a pay period, whether the work is
14 measured by time, piece, commission, or otherwise. An employer may not apply tips
15 or gratuities bestowed upon employees as a credit toward payment of the minimum
16 hourly wage required by this section. Tip credit as defined by the Fair Labor
17 Standards Act of 1938 as amended does not apply to the minimum wage established
18 by this section.

19 * **Sec. 5.** AS 23.10.065 is amended by adding new subsections to read:

20 (d) By March 15, 2003, and by March 15 of each subsequent year, the
21 department shall calculate a proposed increased minimum hourly wage by applying
22 the percentage increase in the consumer price index for the 12 months ending
23 December 31 of the preceding calendar year to the existing minimum hourly wage.
24 The proposed increased minimum hourly wage shall be calculated to the nearest five
25 cents. By March 15 of each calendar year, the department shall give notice of the
26 proposed increased minimum hourly wage calculated under this subsection by posting
27 the notice on the Alaska Online Public Notice System (AS 44.62.175), furnishing the
28 notice to persons who have requested notification, and providing a press release to the
29 media. In the notice, the department shall provide the public with an opportunity to
30 comment on the accuracy of the department's calculation. Fifteen days after posting
31 the notice on the Alaska Online Public Notice System, the department shall set the

1 new minimum hourly wage. Each increased minimum hourly wage set under this
 2 subsection takes effect October 1 following the date that that new wage was set. The
 3 process under this subsection is exempt from AS 44.62 (Administrative Procedure
 4 Act), but the amount of each new minimum hourly wage set under this subsection
 5 shall be submitted to the lieutenant governor for publication in the Alaska
 6 Administrative Code for informational purposes.

7 (e) For purposes of (d) of this section, if the consumer price index is revised,
 8 the percentage increase is calculated on the basis of the revised index.

9 (f) In this section, “consumer price index” means

10 (1) the Consumer Price Index for all Urban Consumers for all Items for
 11 the Anchorage Metropolitan Area compiled by the United States Department of Labor,
 12 Bureau of Labor Statistics; or

13 (2) if the index described in (1) of this subsection is superseded, the
 14 index represented by the United States Department of Labor, Bureau of Labor
 15 Statistics, as reflecting most accurately the changes in the purchasing power of the
 16 dollar for consumers in this state.

17 * **Sec. 6.** Sections 1 and 2 of this Act take effect October 1, 2001.

18 * **Sec. 7.** Section 3 of this Act takes effect October 1, 2002.

19 * **Sec. 8.** Except as provided in secs. 6 and 7 of this Act, this Act takes effect March 15,
 20 2003.