

HOUSE FINANCE COMMITTEE
April 16, 2009
8:37 a.m.

8:37:53 AM

CALL TO ORDER

Co-Chair Stoltze called the House Finance Committee meeting to order at 8:37 a.m.

MEMBERS PRESENT

Representative Mike Hawker, Co-Chair
Representative Bill Stoltze, Co-Chair
Representative Bill Thomas, Jr., Vice-Chair
Representative Allan Austerman
Representative Harry Crawford
Representative Anna Fairclough
Representative Richard Foster
Representative Les Gara
Representative Reggie Joule
Representative Mike Kelly
Representative Woodie Salmon

MEMBERS ABSENT

None

ALSO PRESENT

Michelle Sydeman, Staff, Senator Bill Wielechowski, Sponsor;
George Schaaf, Executive Director, Trail Mix, Juneau

PRESENT VIA TELECONFERENCE

Glenn Brady, Owner, Silver Gulch Brewery, Fairbanks; Damian Thomas, Business Representative, Laborers Local 942, Fairbanks; Chrystal Schoenrock, Business Owner, CHARR, NFIB, Kenai; Kokayi Nosakihere, Student, University of Alaska, Anchorage; Tammy Griffin, Chair, Alaska Hotel and Lodging Association

SUMMARY

CSSB 1(FIN)

"An Act increasing the minimum hourly wage; and providing for an effective date."

CSSB 1 (FIN) was heard and HELD in Committee for further consideration.

HB 225

"An Act relating to the State Procurement Code; relating to the procurement of supplies, services,

professional services, construction services, state fisheries products, state agricultural products, state timber, and state lumber; relating to procurement preferences; relating to procurement by the office of the ombudsman, the Alaska Industrial Development and Export Authority, the Alaska Energy Authority, and other state agencies and public corporations; and providing for an effective date."

HB 225 was scheduled but not heard.

HB 190 "An Act privatizing the Alaska children's trust as a separate endowment fund; providing for an administrator for the assets of the former trust; establishing conditions for a grant of the balance of the former Alaska children's trust; designating certain receipts as available for grants to the trust's successor; and providing for an effective date."

HB 190 was scheduled but not heard.

[8:38:19 AM](#)

#sb1

CS FOR SENATE BILL NO. 1(FIN)

"An Act increasing the minimum hourly wage; and providing for an effective date."

MICHELLE SYDEMAN, STAFF, SENATOR BILL WIELECHOWSKI, SPONSOR, reported that the bill's sponsors are Senators Wielechowski, Ellis, Thomas, Davis, and French. She noted strong bipartisan support for the bill, which proposes two modest increases in the state's minimum wage. The first increase would take place on July 24 when Alaska's minimum wage will fall under the federal minimum which rises to \$7.25. The increase would make Alaska's minimum wage equal to the federal wage. The second increase would become effective on January 1, 2010, when Alaska's minimum wage would rise to 50 cents above the federal wage equaling \$7.75 per hour.

Ms. Sydeman reported that the sponsors believe that these small increases are appropriate for several reasons. Alaska's cost of living is one of the highest in the nation. Despite this fact, Alaska's minimum wage is the lowest on the West Coast and lower than 19 other states. In July, Alaska's wage will be lower than 39 other states.

Ms. Sydeman shared statistics about Alaska's wage earners.

[8:41:51 AM](#)

Ms. Sydeman stressed that it is important to note that Alaska law currently exempts employees under age 18 working 30 hours or less a week from the state's minimum wage. One question many people ask is whether an increase in the minimum wage would result in job loss. She gave examples dispelling that idea. She listed economic studies that support minimum wage increases. She related the benefits to Alaskans if the minimum wage is increased. She urged support of the bill.

[8:43:47 AM](#)

GEORGE SCHAAF, EXECUTIVE DIRECTOR, TRAIL MIX, JUNEAU, testified in strong support of SB 1. He explained how his employees are currently paid the minimum wage of \$7.15 an hour. He described the job duties of his trail crew which often lead to better jobs in construction. He strongly encouraged passage of the bill in light of the high cost of living in Alaska.

[8:46:27 AM](#)

Vice-Chair Thomas corrected that the tourism industry pays well. Mr. Schaaf agreed.

Representative Fairclough asked if Trail Mix was a non-profit. Mr. Schaaf said it was. Representative Fairclough wondered if the city contracts with Trail Mix. He explained his connection with the CBJ, which has an exception in the municipal code for trail construction due to lack of bids and is tied to the minimum wage. Representative Fairclough pointed out increased costs to the state and municipalities due to raising the minimum wage. Mr. Schaaf pointed out the significantly higher cost of hiring someone else to do trail work.

[8:47:55 AM](#)

GLENN BRADY, OWNER, SILVER GULCH BREWERY, FAIRBANKS, testified via teleconference in support of a proposed Amendment 1 related to tip credit. Co-Chair Hawker explained that the amendment had not been offered. Mr. Brady reported that his industry is in favor of a minimum wage increase, but with a fair tip credit.

[8:49:37 AM](#)

Representative Crawford asked Mr. Brady how it would work in restaurants where all the tips are pooled. Mr. Brady related that the IRS requires employees to report their tips as wages. It is a simple accounting procedure. Most bussers do not make minimum wage so the bill would not apply to them.

Representative Crawford questioned whether bussers and dish washers made minimum wage. Mr. Brady clarified that bussers and dish washers make more than minimum wage.

[8:51:59 AM](#)

DAMIAN THOMAS, BUSINESS REPRESENTATIVE, LABORERS LOCAL 942, FAIRBANKS, via teleconference, spoke against the potential Amendment 1 regarding tip credit. He testified in favor of raising the minimum wage. He felt that waiters deserve all the tips they earn.

[8:54:41 AM](#)

CHRYSTAL SCHOENROCK, BUSINESS OWNER, CHARR, NFIB, KENAI, testified via teleconference in agreement with potential Amendment 1.

[8:56:48 AM](#)

KOKAYI NOSAKIHERE, STUDENT, UNIVERSITY OF ALASKA, ANCHORAGE, via teleconference, informed the Committee that there were 251 people who have signed a letter in support of the bill.

[8:59:01 AM](#)

TAMMY GRIFFIN, CHAIR, ALASKA HOTEL AND LODGING ASSOCIATION, via teleconference, made the point that most employees are not at minimum wage unless tips are included. She gave an example. The employees that receive tips are the highest paid employees in the hospitality industry. She spoke in favor of accepting Amendment 1 regarding the tip credit. If that was included, she reported being in favor of increasing the minimum wage.

The meeting was recessed to the call of the chair at 9:03 AM.

[4:49:16 PM](#)

ADJOURNMENT

The meeting was adjourned at 4:49 PM.