

**ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE**

March 9, 2009

3:18 p.m.

MEMBERS PRESENT

Representative Kurt Olson, Chair
Representative Mark Neuman, Vice Chair
Representative Bob Lynn
Representative Robert L. "Bob" Buch
Representative Lindsey Holmes

MEMBERS ABSENT

Representative Mike Chenault
Representative John Coghill

COMMITTEE CALENDAR

HOUSE BILL NO. 29

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

- HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 29

SHORT TITLE: ALASKA MINIMUM WAGE

SPONSOR(S): REPRESENTATIVE(S) OLSON

01/20/09	(H)	PREFILE RELEASED 1/9/09
01/20/09	(H)	READ THE FIRST TIME - REFERRALS
01/20/09	(H)	L&C, FIN
02/23/09	(H)	L&C AT 3:15 PM BARNES 124
02/23/09	(H)	Heard & Held
02/23/09	(H)	MINUTE(L&C)

WITNESS REGISTER

JENNIFER SENETTE, Staff
Representative Kurt Olson
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Testified on HB 29, on behalf of the prime sponsor, Representative Kurt Olson.

BRIAN RAE, Economist
Research and Analysis Section
Division of Administrative Services
Department of Labor & Workforce Development (DLWD)
Juneau, Alaska

POSITION STATEMENT: Testified during the discussion of HB 29.

CHRYSTAL SCHOENROCK, Owner
4Lands Bar
Nikiski, Alaska

POSITION STATEMENT: Testified during the discussion of HB 29.

ACTION NARRATIVE

[3:18:00 PM](#)

CHAIR KURT OLSON called the House Labor and Commerce Standing Committee meeting to order at 3:18 p.m. Representatives Buch, Lynn, Neuman, and Olson were present at the call to order. Representatives Holmes arrived as the meeting was in progress.

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HB 29-ALASKA MINIMUM WAGE

CHAIR OLSON announced that the only order of business would be HOUSE BILL NO. 29, "An Act increasing the minimum wage; and providing for an effective date."

JENNIFER SENETTE, Staff, Representative Kurt Olson, Alaska State Legislature, provided a brief refresher on the bill. She stated that HB 29 would raise the minimum wage in Alaska to \$7.15 or \$.50 higher than the federal minimum wage. She offered that the federal minimum wage is scheduled to be increased in July 2009. Alaska has historically had a minimum wage that is approximately \$.50 higher than the states in the Lower 48. This bill would effectively set Alaska's minimum wage at \$7.75.

MS. SENETTE pointed out that some confusion seemed to exist at the last hearing about the number of Alaskans who would be affected by this bill. She indicated that approximately 9,000 Alaskans would benefit from HB 29, which is not necessarily the number of people employed at the minimum wage. She offered that the Department of Labor & Workforce Development can provide some additional information and details.

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CHAIR OLSON announced that a suggested amendment to HB 29 was submitted to the House Labor and Commerce Standing Committee within 24 hours of the meeting. He related the committee's policy is to accept amendments for consideration using a 24-hour rule. Thus, the amendment will be taken up at the next committee meeting, he stated.

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MS. SENETTE, in response to Representative Neuman, explained that Alaskans who would be affected by the bill are those who earn less than \$7.75 per hour.

REPRESENTATIVE NEUMAN asked for a breakout of the industries for the 9,000 employees who earn the minimum wage.

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BRIAN RAE, Economist, Research and Analysis Section, Division of Administrative Services, Department of Labor & Workforce Development (DLWD), stated that he is also supervisor for the Occupational Information unit.

REPRESENTATIVE NEUMAN inquired as to the job classifications for the Alaskans who are paid at the minimum wage level.

MR. RAE answered that in absolute numbers of people affected, large numbers of people in the accommodation and food services of the visitor industry, restaurants, tourism related retail trade sector work at minimum wage. In terms of the percentages of people affected within an industry, he indicated the industries would include hotels, restaurants, and manufacturing, such as the seafood processing industry.

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REPRESENTATIVE NEUMAN asked for a breakout of the job classifications for those Alaskans who are paid at the minimum wage level.

MR. RAE explained that the estimates are based on U.S. Bureau of Labor statistics prepared in cooperation with the Department of Labor & Workforce Development (DLWD). He explained that the wage survey information figure of 9,000 minimum wage employees is based on a 2007 survey, which is the most current survey

available. Of those, approximately 3,400 people were employed in the accommodation and food services industry such as hotels and restaurants. Another 1,100 employees were involved in the seasonal retail trade, as well as approximately 1,100 employees employed in the educational services such as private preschools. He related that approximately 20 industry groups are tracked in the public and private sectors.

MR. RAE, in response to Representative Neuman, answered that the total employment in Alaska is approximately 302,000.

REPRESENTATIVE NEUMAN related that including credit for tips earned would affect about 3,400 people, or about one tenth of one percent of the total workforce. He related his understanding that one concern about excluding people who earn tips from the bill is that in some industries tips are significant and employees may earn up to \$40,000 per year. He surmised that due to the downturn in the economy that people will probably earn fewer tips.

MR. RAE offered that differences exist between the term "industry" and "occupation". He related that in the hotel and restaurant industries, not all employees earn tips. He further related that in examining the occupational groups and those who may make less than \$7.15, that one of the largest groups includes waiters and waitresses. He estimated that about 1,300 waiters and waitress occupations earn \$7.15 or less.

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REPRESENTATIVE NEUMAN related that HB 29 may change the minimum wage for only 1,300 people. He inquired as to the justification to impose the minimum wage for such a small number of people.

CHAIR OLSON answered that the issue of whether to include employees who earn tips may be raised, but that he hopes to add one small amendment when HB 29 has another hearing.

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REPRESENTATIVE BUCH asked if Mr. Rae could identify how many are single family parents earn the minimum wage.

MR. RAE answered no. In further response to Representative Buch, Mr. Rae explained that he could not identify the number of households that would be affected by the bill. He explained that the DLWD survey is completed by employers who only inform

the department the level of salaries that they pay their employees and not demographic data.

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REPRESENTATIVE BUCH asked if he had any demographic data on the workers who earn minimum wages in Alaska.

MR. RAE answered no.

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CHRYSTAL SCHOENROCK, Owner, 4Lands Bar, stated that she is a member of the state Cabaret, Hotel, Restaurant, and Retailers Association (CHARR) and is also the secretary of the Kenai Peninsula Alaska Cabaret, Hotel, Restaurant, and Retailers Association (CHARR), and the National Federation of Independent Businesses (NFIB), but that she is representing herself. She stated that she just read that Alaska's unemployment is rising and that approximately 5,200 jobs are due for layoffs or have already been done. She offered that some oil company support companies in her area such as CH2M Hill, and ConocoPhillips Alaska, Inc. which means that oilfield jobs are declining and some are rumored to lay off additional employees in June. She said that she did not see how she could afford to pay more in workers' compensation, state unemployment, or federal taxes. She offered her belief that this is not the time to consider a wage increase. She noted other factors that affect the numbers of clients, such as the nearby communities of Kenai and Soldotna are currently attempting to ban smoking in bars which may affect her business. She explained that her business has already seen a ten percent decrease. She related that the oil industry layoffs will affect the economy. She said, "It's going to hurt, hurt us bad."

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CHAIR OLSON, after first determining no one else wished to testify, closed public testimony on HB 29.

CHAIR OLSON announced that HB 29 would be held over for further consideration.

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ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 3:34 p.m.