

Original sponsor: Labor and Commerce Committee

1 IN THE HOUSE

BY THE LABOR AND
COMMERCE COMMITTEE

2

CS FOR HOUSE BILL NO. 542 (L&C)

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IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to notification of employees when an
7 employer makes a substantial change in a business
8 activity or when a governmental entity contracts
9 certain activities or conveys or leases certain
10 property to a private entity."

11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

12 * Section 1. LEGISLATIVE FINDINGS. (a) The legislature finds that
13 employment is vitally important to an individual's economic well-being and
14 self-respect. Employees invest their skills and efforts in their employ-
15 er's activity and have a vital stake in the employer's continued operation
16 and their continued employment. When their employment is terminated due to
17 the termination, transfer of ownership, or relocation of the business or
18 governmental activity, the employees suffer heavy economic and personal
19 losses.

20 (b) The legislature further finds that when an employer closes or
21 relocates, particularly if the employer employs a large number of employees
22 in a locality or within an industry, it is difficult, and sometimes impos-
23 sible, for the former employees to find comparable employment with another
24 employer. When an employer closes or relocates or when employees are
25 terminated because of a transfer of ownership, long-time employees lose the
26 seniority, benefits, and unaccrued pension credits they have earned during
27 their many years of service. Employment offering comparable wages and
28 benefits is unavailable to many, and some older employees will be unable to
29 find alternative employment.

1 (c) The legislature determines that employers should be required to
2 notify their employees of anticipated substantial changes in business
3 activity so that the employees can prepare for the future.

4 * Sec. 2. AS 23.10 is amended by adding new sections to read:

5 ARTICLE 7. EMPLOYMENT CLOSURE, RELOCATION, OR TRANSFER.

6 Sec. 23.10.450. RIGHT TO NOTICE. (a) An employer who expects
7 to make a substantial change in business activity shall give each
8 employee written notice of the anticipated change at least 60 days
9 before the date of change. Except as provided in (b) of this section,
10 an employer who fails to give an employee timely notice is liable to
11 the employee for severance pay in the amount of one month's pay.

12 (b) An employer is not liable for severance pay under this
13 section to an employee if

14 (1) the employee is covered by an express contract provid-
15 ing for severance pay in an amount equal to or greater than that
16 required by AS 23.10.450 - 23.10.470; or

17 (2) the predecessor or successor employer offers the em-
18 ployee employment that provides wages and benefits that are substan-
19 tially similar to those that the employee received before the substan-
20 tial change in the business activity.

21 Sec. 23.10.460. GOVERNMENTAL LIABILITY. (a) A governmental
22 entity that ceases to employ employees to perform an activity and (1)
23 contracts with one or more private entities to have all or a substan-
24 tial portion of the activity performed by the private entities or (2)
25 conveys or leases government property to one or more private entities
26 to enable the private entities to perform functions previously per-
27 formed by the governmental entity shall notify employees whose employ-
28 ment is affected by the cessation as though the employer were an
29 employer under AS 23.10.450. The governmental entity is liable to

1 employees for failure to give timely notice as provided in that sec-
2 tion.

3 (b) In this section, "governmental entity" means the state; a
4 municipality; a political subdivision of the state; a school district,
5 including a regional educational attendance area; the University of
6 Alaska; the Alaska Railroad; and an administrative unit of the state,
7 municipality, political subdivision, university, or railroad.

8 Sec. 23.10.470. DEFINITIONS. In AS 23.10.450 - 23.10.470

9 (1) "employee" means an individual employed by an employer
10 or a governmental entity;

11 (2) "employer" includes an individual, partnership, asso-
12 ciation, corporation, business trust, or other nongovernmental entity
13 that employs 21 or more persons;

14 (3) "one month's pay" means the average monthly compen-
15 sation paid to an employee by an employer based on the amount of
16 compensation received by the employee during the preceding 12 months;

17 (4) "predecessor employer" means an employer who has trans-
18 ferred the ownership of a business or a part of a business to another;

19 (5) "relocation" of a business or part of a business means
20 removal of all or substantially all operations of the business, a
21 separate facility or branch, or a distinct division or department of a
22 business to a location at least 60 miles away from the original loca-
23 tion;

24 (6) "substantial change in a business activity" means the
25 relocation, termination, or transfer of ownership in a business or a
26 part of a business;

27 (7) "successor employer" means an employer to whom the
28 ownership of a business or a part of a business has been transferred;

29 (8) "termination" of a business or part of a business means

1 that all or substantially all operations of the business, a separate
2 facility or branch, or a distinct division or department of a business
3 cease and that the business or part of the business is permanently
4 closed;

5 (9) "transfer of ownership" of a business or part of a
6 business includes a transfer of ownership in a business, a separate
7 facility or branch, or a distinct division or department of a busi-
8 ness, including sale of stock, a sale of assets, a foreclosure or
9 other form of repossession by creditors, a gift, a devise, or any
10 other means of transfer of ownership.

11 * Sec. 3. This Act does not modify or terminate the terms of a collec-
12 tive bargaining agreement in existence on the effective date of this Act.