

S B

262

Alaska State Legislature

3111 C Street, Suite 150
Anchorage, Alaska 99503
(907) 561-2038

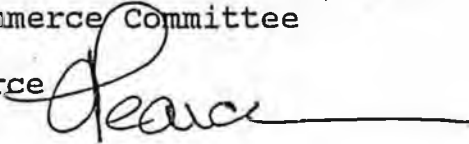


During Session:
P.O. Box V
Juneau, Alaska 99811
(907) 465-4993

Senator Drue Pearce
District G

MEMORANDUM

TO: Representative Davide Finkelstein, Chair
House Labor & Commerce Committee

FROM: Senator Drue Pearce 

DATE: May 16, 1991

RE: CSSB 262 (L&C), Relating to altering administrative
employees overtime wages

CSSB 262 would make our Alaska Statutes consistent with federal regulations regarding overtime wages for management employees. The bill was introduced at the request of hotel and restaurant owners and operators. It comes as a result of a compromise worked out between employees and management, therefore organized labor has adopted a neutral policy toward the legislation.

Alaska is the only state which requires management employees to spend at least 80% of their time in administrative functions before being exempted from overtime pay requirements. Currently most states match federal regulations which only require 60% of time spent on management duties.

In the Labor & Commerce Committee an extra safeguard was made for low income management to ensure that their income was not further diluted by an inability to collect overtime. In order to qualify under the new percentages of this legislation, a management employee must make two times minimum wage.

These requirements have a great impact on the hotel/restaurant industry, where most management employees also "work the line". It is very difficult, if not impossible to meet this hourly requirement. Consequently, many employers and management employees are working in violation of the current law.

Passing this legislation will alleviate these discrepancies. I urge your individual support.

Thank you.

FISCAL NOTE

No. 1

Bill version: SB 262

(S) Publish Date: 5/10/91

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILI

Revision Date: _____
 Title: "An Act relating to coverage of certain executive... under... minimum wage..."
 Sponsor: Senate Labor & Commerce
 Requestor: Senate Labor & Commerce

Department Affected: Labor
 BRU: Labor Standards & Safety
 Component: Wage & Hour
 COMPONENT SERIAL NO. 345

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

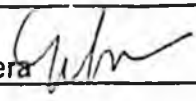
POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary) Changes in CS 262 (40) have no fiscal impact. This fiscal note is appropriate.
5-8-91 date RAM Comte Aide (initial)

Prepared by: Bob Libbey, Director Phone: 264-2452
 Division: Labor Standards & Safety Date: 5/2/91

Approved by Commissioner: Nancy Bear Usher 
 Agency: Department of Labor Date: 5/2/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

Alaska State Legislature

Senator Drue Pearce, Chair
Senator Virginia Collins, Vice Chair
Senator Dick Eliason
Senator Rick Halford
Senator Jay Kerttula



WHILE IN JUNEAU
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(907) 465-3844

3111 C STREET, SUITE 150
ANCHORAGE, ALASKA 99504
(907) 561-2018

SENATE LABOR AND COMMERCE COMMITTEE

MEMORANDUM

TO: Members of the Committee

FROM: Senator Drue Pearce *Drue Pearce*

DATE: May 6, 1991

RE: SB 262, Relating to altering administrative employees overtime wages

SB 262 would make our Alaska Statutes consistent with federal regulations regarding overtime wages for administrative employees. The bill was introduced at the request of hotel and restaurant owners and operators. It comes as a result of a compromise worked out between employees and management, therefore organized labor has adopted a neutral policy toward the legislation.

Alaska is the only state which requires management employees to spend at least 80% of their time in administrative functions to be exempted from overtime pay requirements. Currently most states match federal regulations which only require 60% of time spent on management duties.

These requirements have a great impact on the hotel/restaurant industry, where most management employees also "work the line". It is very difficult, if not impossible to meet this hour requirement. Consequently, many employers and management employees are working in violation of the current law.

Passing this legislation will alleviate these discrepancies. I urge your individual support.

Thank you.

Alaska State Legislature

SENATOR BETTYE FAHRENKAMP
CHAIRMAN, LEGISLATIVE COUNCIL
CHAIRMAN, ADMINISTRATIVE REGULATION
REVIEW COMMITTEE
119 N. CUSHMAN STREET, SUITE 201
FAIRBANKS, ALASKA 99701
OFFICE (907) 452-4882
HOME (907) 456-2899



Senate

WHILE IN JUNEAU
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OFFICE (907) 465-3834
HOME (907) 780-6027

May 17, 1991

MEMORANDUM

TO: Chairman David Finkelstein
House Labor and Commerce Committee Members

FROM: Sen. Bettye Fahrenkamp

re: SB 262, Altering Administrative Employees Overtime
Wage Laws.

At the request of the hotel/restaurant operators, I helped draft Senate Bill 262, which would bring Alaska statutes in line with federal regulations regarding overtime wages for administrative employees. SB 262 was introduced by the Senate Labor and Commerce Committee and passed the Senate recently by an 18-0 vote.

This bill is a compromise worked out between organized labor, hotel/restaurant management and the Department of Labor. *Some have characterized SB 262 as an anti-labor bill. I have been given assurances by Mano Frey (President, AFL-CIO) and Harriet Lawler (Business Manager for the hotel workers union) that they do not view it as such.* Rather, SB 262 corrects an inconsistency between state and federal law.

Currently Alaska is the only state which requires management employees to spend at least 80% of their time (most match federal regs. which require only 60%) in administrative functions to be exempted from overtime pay requirements. For many hotel/restaurant managers who help work "on the line" during peak work loads, this is a difficult, if not impossible requirement to meet.

Consequently, many employers and management employees in Alaska are knowingly or unknowingly working in violation of the current law.

For administrative employees benefit, SB 262 mandates that they be paid at least twice the minimum wage if they are to be exempted from overtime laws.

Also, because of the section of statute being amended, employers will now be required to keep track of the hours the administrative employee spends in management versus line functions. Because this function is currently the responsibility of the employee (most of whom are unaware of these requirements,) few are claiming or getting paid for overtime.

For a good number of years I have been a strong advocate for organized labor in this legislature. During that time we have increased the demands upon businesses and their owners one hundred fold--from increased wages to improved work conditions to better workers' compensation coverage. *This proposal is a moderate request by management which gives them some breathing room and does not adversely affect organized labor.*

Given the compromise process which has already occurred, I respectfully request the passage of SB 262 from House Labor and Commerce Committee. Thank you for your consideration and assistance.

A M E N D M E N T

OFFERED IN THE SENATE

BY SENATOR PEARCE

TO: SB 262

Page 2, line 23, after "activities":

Insert "and so long as the employee earns at least twice the minimum wage for the employee's regular hours of work"

SENATE COMMITTEE REPORT
FIRST COMMITTEE OF REFERRAL

DATE: 4/22/91

FURTHER:

Date of 5-Day Notice: 5-2-91
(in accordance with Uniform Rule 23)

DATE TURNED
INTO OFFICE: _____

Labor and Commerce Committee considered SB 262

Coverage of certain executive or administrative employees of retail or service establishments under the state minimum wage laws; efd.

and recommended:

- replace with _____ CS SB 262 (L+C) same title
- attached amendment(s) new title
- _____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

ATTACHES NEW FISCAL NOTE(S):

Department(s)/Date:

Department(s)/Date:

fiscal note(s) _____

zero fiscal note(s) LABOR/5-2-91

appropriation-no fiscal note

Governor's bill w/fiscal note

SIGNING DO PASS:

[Signature]

OTHER RECOMMENDATIONS:

[Signature]

[Signature]
Chair: Signature and Recommendation

Alaska State Legislature

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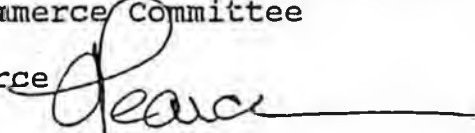


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These requirements have a great impact on the hotel/restaurant industry, where most management employees also "work the line". It is very difficult, if not impossible to meet this hourly requirement. Consequently, many employers and management employees are working in violation of the current law.

Passing this legislation will alleviate these discrepancies. I urge your individual support.

Thank you.

Bill No: Senate Bill No. 262 (L&C)

Date: May 13, 1991

Title: "An Act relating to coverage of certain executive or administrative employees of retail or service establishments from the overtime requirements of the state minimum wage laws"

Contact: Eileen Plate
465-2700

Committee Substitute for Senate Bill 262 (L&C) seeks to align Alaska's overtime exemption criteria for executive/administrative employees in retail and service establishments more closely with the criteria applied under the Fair Labor Standards Act (FLSA).

The FLSA distinguishes executive/administrative employees in retail and service establishments from those similarly employed in other establishments. Specifically, for the purposes of exemption, the FLSA provides that employees in retail or service establishments are exempt if the employees spend at least 60% of their time performing executive/administrative duties. For employees in other establishments, the requirement is 80%.

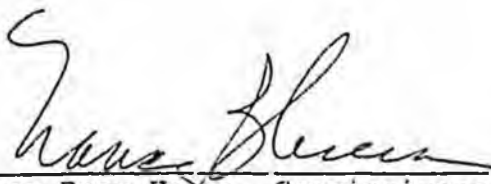
Current Alaska law exempts bona fide executive and administrative employees from Alaska's Wage and Hour Act, which includes overtime laws; however, no differentiation is made between types of establishments. Departmental regulations require use of the 80% criteria "across-the-board" for determining whether or not an employee is a bona fide executive or administrative employee for overtime exemption purposes.

As permitted under the FLSA, under the provisions of this bill, the 60% work responsibility criteria would be used. Specifically, employees of retail or service establishments who spend at least 60% of their time each week performing executive/administrative duties would be exempt from Alaska's overtime law. The bill further stipulates that the exemption would be operative only if the executive/administrative employee earns at least twice the minimum wage, based upon a 40 hour work week. Presently, this would be \$380 per week (\$4.75/hr (minimum wage) x 2 x 40 hours).

Inasmuch as many retail and service establishments in Alaska (hotels and restaurants, for example) employ large numbers of lower paid workers, the wage floor provisions in the committee substitute mitigate the Department's concern regarding a relaxation of the overtime law.

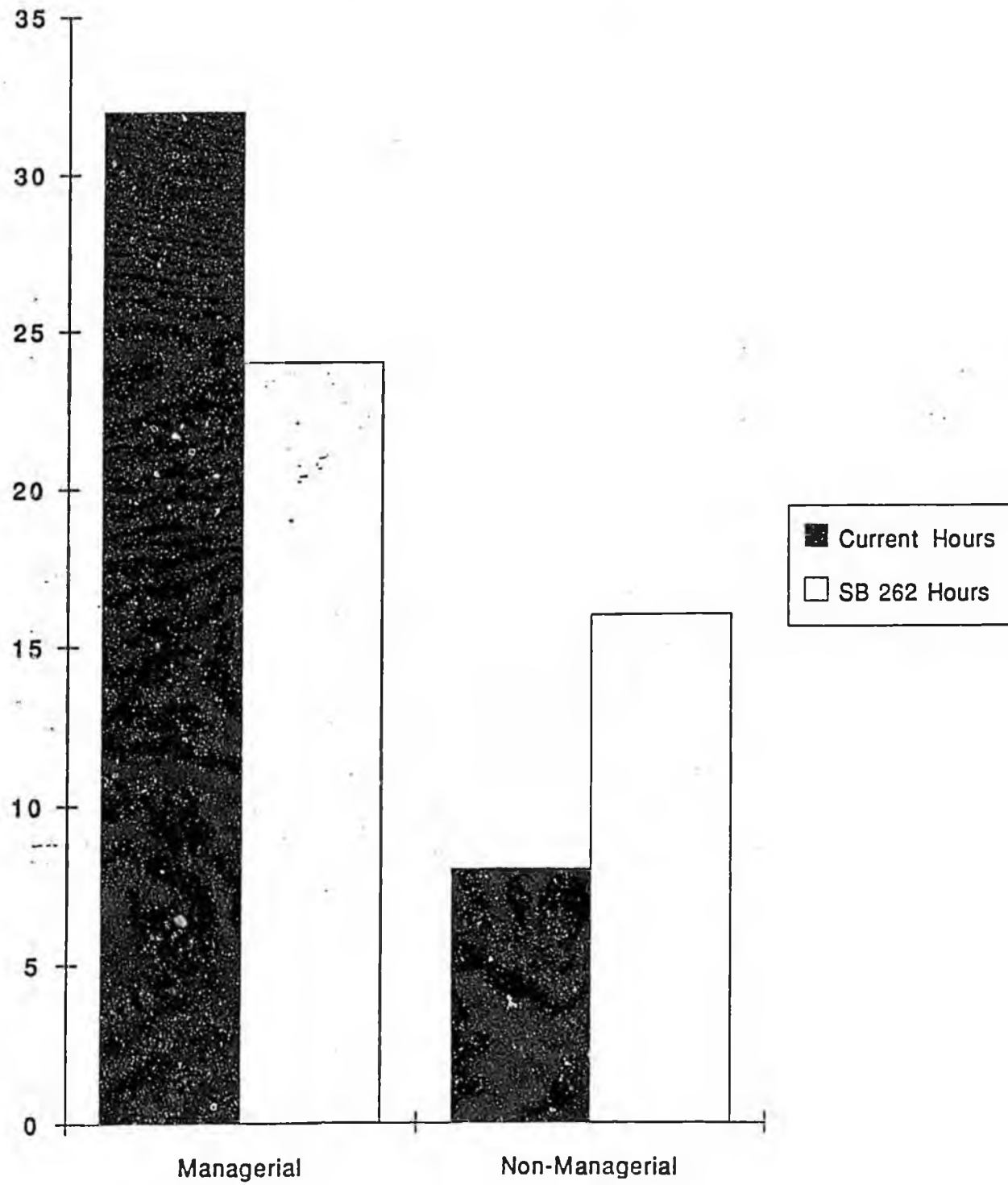
The provisions of this bill will not have a fiscal impact on the Department.

APPROVED:


Nancy Bear Usery, Commissioner
Department of Labor

POSITION PAPER/Department of Labor

SB 262 MANAGERIAL HOUR COMPARISON





*Alaska Cabaret, Hotel,
Restaurant & Retailers Association*

*100 W. 12th Street - Anchorage, Alaska 99501
401 K Street - (907) 272-8144 - Fax: (907) 272-864*

May 06, 1991

Alaska Senate Labor & Commerce Committee
 Senator Drue Pearce, Chairman
 Senator Virginia Collins, Vice-Chairman
 Senator Dick Eliason
 Senator Rick Halford
 Senator Jay Keritula

Dear Committee Members:

The Alaska Cabaret, Hotel, Restaurant and Retailers Association supports the intent of Senate Bill 262 and urges that this proposed legislation be enacted.

Thank you for your consideration of our position.

Yours truly,

Carol Wilson

Carol Wilson
 Executive Director



ALASKA VISITORS ASSOCIATION

501 West Northern Lights, Suite 201 • Anchorage, Alaska 99503

Tel: (907) 276-6663 • Fax: (907) 258-4036

1991-92

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Tim Worthen

Regency Cruises

Karen Cowart

Executive Director

May 6, 1992

Senator Shirley Craft
Alaska State Legislature
P.O. Box V (MS 100)
Juneau, Alaska 99801

Dear Senator Craft:

The Alaska Visitors Association Government Relations Committee supports SB 262 which would reduce the percentage of time a management employee would be required to devote to actual management or administrative functions and allow for utilization of the employee for general operation purposes.

The visitor industry must be flexible in both managerial and operational hours due to the travel patterns established nation wide. This bill would allow us that necessary flexibility, would bring Alaska more in line with other states that are our competitors and finally allow Alaska to be consistent with federal guidelines.

We strongly encourage the passage of this bill.

Respectfully,

Bob Berto
President

John Binkley
Vice President

cc: Members, House Judiciary Committee
Members, AVA Govt Relations Committee