

HB

391

HFIN

FILE

Alaska State Legislature

Juneau

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Member

House Finance Committee
Legislative Budget & Audit

Representative Mike Kelly

House District 7

Sponsor Statement – CSHB 391(L&C)

HB 391 protects non-union workers on a job mandated to have a Project Labor Agreement by the State of Alaska. Collective bargaining project labor agreements require contractors to make fringe benefit payments into union health and pension plans on behalf of project workers. When non-union companies are employed on such a project, their workers are forced to make union health, training and pension contributions into plans different from the plans their employer offers. These contributions may provide little or no benefit to them, because they may not be employed long enough to meet the required vesting thresholds of the union plan. There may be an additional significant down side in that, for the duration of the project, no contributions will likely be made into the employee's regular pension plan.

It is discriminatory to ask Alaska workers to forfeit the benefits they have earned. It is fiscally irresponsible to force workers to make contributions to a pension plan that will never be returned to them.

House Bill 391 says if the State of Alaska mandates that a project be covered by a collective bargaining project labor agreement, then it is appropriate for the state to ensure that the project labor agreement contains adequate safeguards to protect non-union workers so they will indeed benefit from the pension contributions that they make.

This bill states that any collective bargaining project labor agreement mandated by the State of Alaska must permit employees who are not covered by a local collective bargaining agreement to execute a "Benefits Election Declaration." The Benefits Election Declaration would allow the employee the option to have fringe benefit payments and/or contributions made on his or her behalf to either the employer's existing fringe benefit programs or to the applicable union trust fund.

Please join me in supporting all workers in Alaska by allowing them to keep the money/benefits they have earned. It's a matter of fairness and equity.

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MEMORANDUM

DATE: February 21, 2008

TO: Representative Mike Kelly

FROM: Derek Miller

RE: Sectional Analysis for HB 391
(Version No. 25-LS1493\A)

A sectional summary of a bill should not be considered an authoritative interpretation of the bill. The bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. Explicitly authorizes construction contracts initiated by the state in its role as a market participant to include a requirement that the contractor commit to a project labor agreement and requires the project labor agreement to include an option for employees to sign a declaration of benefits.

Section 2. Adds language that project labor agreements as part of the application requirements set out in obtaining a license under the Alaska Gasline Inducement Act, are required to include an option for employees to sign a declaration of benefits.

Section 3. Provides applicability standards for project labor agreements after the effective date of this act.

March 20, 2008

Representative Reggie Joule

Via e-mail: Representative Reggie Joule rj@legis.state.ak.us

Re: HB 391

We support HB 391 because it protects all Alaska's workers by allowing them to keep their benefit contributions instead of forfeiting them to union plans.

This legislation would protect the non-union workers' from losing their Fringe Benefits. Though unions claim to have made changes to avoid the same scenario by decreasing the vesting period the standard PLA's used today still prevent non-union workers from collecting their benefit contributions after a project is complete. Fringe Benefits are a significant part of a worker's earnings as they now range from more than \$12 to as much as \$20 per hour.

We are owners of a construction company that has provided superior benefits to its employees for more than 25 years; the benefits include:

1. Medical Insurance
 - a. Hour banking that allows workers to continue health insurance during periods of unemployment.
 - b. Pre-Tax Deduction from Fringe Benefit
 - c. Premiums determined by family status rather than flat fee
 - i. Employee
 - ii. Employee/Spouse
 - iii. Employee/Spouse and Children
2. Fringe benefit plan – before tax contributions to a retirement plan. This is the balance of the fringe benefit after deduction for Medical Insurance.
 - a. 100% Vesting from first dollar contributed
 - b. Option to cash in after termination if needed during periods of layoff
 - c. Total Plan Balance is approximately \$6 million.
3. Safety Incentives including:
 - a. 1 week paid vacation for every 1,000 hours worked w/ non-reportable injury.
 - b. Gift Certificates @ specified milestones

Each year we assess our Alaska hire by the dollar amount of craft wages paid to Alaskan workers by sorting wages on W-2s by ZIP codes. For the past several years, more than 98% of craft wages have gone to Alaskan ZIP codes. While not an exact accounting it provides an indication of the success of our local hire efforts.

Thank you for your consideration of this important issue.

Helga & Bill Watterson

Alaska State Legislature

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Member

House Finance Committee
Legislative Budget & Audit

Representative Mike Kelly

House District 7

MEMORANDUM

DATE: March 18, 2008

TO: Representative Mike Kelly

FROM: Derek Miller

RE: Changes to HB 391 in CSHB 391(L&C)
(Version No. 25-LS1493\E)

The CS for HB 391 (25-LS1493\E) includes new language requiring an employer to provide a written description of the benefit program available to an employee within seven days after a request of the employee. The CS also deletes the term 'fringe' throughout the bill.

Sections 1 & 2: New language requiring an employer to provide a written description of the benefit program available to an employee within seven days after a request of the employee.

Section 3: No changes

Slayden Plumbing & Heating, Incorporated

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February 20, 2008

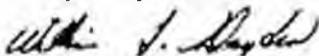
Representative Mike Kelly
State Capitol, Room 513
Juneau, AK 99801-1182
Reference: SB 276, HB 391

Dear Representative Kelly,

As a founding member of Associated Building Contractors, Inc.'s Alaska Chapter and President of a mechanical contracting firm that employs more than a 100 Alaskans, I support Senate Bill 276 and House Bill 391. Thank you for sponsoring HB 391. I look forward to all Alaskan workers being treated fairly by their State.

Please let me know if I can be of any assistance to insure passage of this important legislation.

Very Truly Yours,



William L. Slayden,
President, Slayden Plumbing & Heating, Inc.

February 21, 2008

Representative Mike Kelly
State Capitol, Room 513
Juneau, AK 99801

FXED
2/21/08
405-3883

Re: HB 391 & SB 276

Dear Representative Kelly:

I am writing to thank you for sponsoring HB 391 which affords equal pay for non-union employees working on construction projects mandated to have a Project Labor Agreement (PLA) by the State of Alaska. As a founding member of Associated Builders and Contractors, Inc., and President of Klebs Mechanical Inc., I offer my support of this important house bill.

Klebs Mechanical Inc. will not participate in any construction projects where a Project Labor Agreement is required. Project Labor Agreements only serve special interest groups. They also reduce competition by reducing or eliminating the number of non-union (Merit) contractors who would normally participate in the bidding process of particular construction projects. This, in turn, increases the cost of construction which is bad for any tax paying person because it amounts to less building for our tax dollars.

Project Labor Agreements are bad for our employees because the unions receive all of the fringe benefit payments. Our employees should receive every penny that they earn and not be limited by a vesting schedule set up by a union.

At Klebs Mechanical Inc. we support HB 391 and SB 276. These important bills allow Merit Shop Contractors, who may wish to overlook the fact that PLA's are a non-competitive way to spend our tax dollars, a way to at least give their employees all of the money that they have earned.

Thank you again for sponsoring this important bill, and please let me know if I can assist you in any way in passing this legislation.

Sincerely,

Gary Klebs
Gary Klebs
President

GK/ms