

HB

384

<TARGET><BILL>HB 384</BILL><SUBJECT>HB
384</SUBJECT><COMM>SFIN28</COMM></TARGET>

Alaska State Legislature

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REPRESENTATIVE MIKE CHENAULT SPEAKER OF THE ALASKA STATE HOUSE SPONSOR STATEMENT

House Bill 384 am: "An Act increasing the minimum wage; and providing for an effective date."

House Bill 384 raises the minimum wage to \$9.00 an hour until December 31, 2015, and \$10.00 an hour on and after January 1, 2016, until December 31, 2016. Thereafter, the minimum wage would be adjusted annually for inflation. The Department of Labor and Workforce Development Commissioner will calculate the adjustment for inflation annually, on or before September 30, for the following calendar year. The language is similar to that found in the ballot initiative to increase the minimum wage.

According to Alaskans for a Fair Minimum Wage, "After having the highest minimum wage in the nation for the four decades following statehood, Alaska has fallen in recent years to 17th place among the states. A single parent working full-time, 2080 hours at the current minimum wage of \$7.75, earns \$16,120 annually, less than two-thirds of the poverty rate for a family of three in Alaska. Had the Alaska Legislature not repealed in 2003 the modest cost of living adjustment mechanism they had approved less than a year earlier in the bill raising the minimum wage to \$7.15, that wage would be \$9.53 today." This legislation is an opportunity to ensure the minimum wage is increased above the rate in the initiative; takes effect at an earlier date than the petition, July 1st of this year; and is inflation-proofed.

While many Alaskans support increasing the minimum wage, the ballot initiative sponsors have voiced concern that Legislature in passing HB 384 will repeat the events that occurred in 2002 and 2003. In 2002, the Legislature passed a bill similar to an approved voter initiative, thus removing the petition from the ballot. The following year the Legislature passed a bill removing the annual inflation adjustment. It is not the intent of the House to make similar changes in the next legislative session. A letter that states that intent was adopted on the House floor.

Passing legislation to increase the minimum wage will guarantee Alaskans get a minimum wage increase, including inflation-proofing. A ballot proposition does not guarantee voters will pass the measure.

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REPRESENTATIVE CRAIG JOHNSON
RULES COMMITTEE CHAIRMAN

by Johnson
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Letter of Intent for HB 384

It is the intent of the 28th Alaska State Legislature that the following general provisions pertaining to the minimum wage, as expressed by the enacted version of House Bill 384, will not be revisited by the legislature for the purposes of amendment or repeal for a period of not less than two years following enactment:

1. Provisions establishing the level of the minimum wage;
2. Provisions establishing adjustment of the level of the minimum wage in accordance with inflation; and
3. Provisions pertaining to the applicability of tips and gratuities toward a worker's hourly wage.

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REPRESENTATIVE CRAIG JOHNSON, CHAIRMAN

House Bill 384 - Summary of changes, version A to A.A

House Bill 384 version A, entitled "An Act increasing the minimum wage; and providing for an effective date" had three adopted amendments on the House Floor, at which time a Letter of Intent was also adopted to follow the bill. The changes made by the amendments are as follows:

- *Amendment 1, at page 1, line 9: Replaced "2017" with 2016". This had the effect of starting the annual inflation adjustments one year earlier than in the previous version of the bill.*
- *Amendment 2, at page 1, lines 7 and 8: Replaced "\$8.75" and "\$9.75" with "\$9" and "\$10", respectively. This increased the proposed 2014-2015 and 2016 minimum wage levels by twenty-five cents each, relative to the previous version of the bill.*
- *Amendment 3, at page 2, line 12: Replaced "January 1, 2015" with "July 1, 2014." Changed effective date of the bill.*

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MEMORANDUM

April 14, 2014

SUBJECT: Minimum wage initiative; is HB 384 substantially similar?
(Work Order No. 28-LS1602A.A; HB 384 am)

TO: Representative Mike Chenault
Attn: Tom Wright

FROM: Dan Wayne 
Legislative Counsel

You have asked whether, under Alaska law, a court would find HB 384 am to be substantially the same as the pending minimum wage ballot initiative.¹ The short answer is yes, probably.

Under AS 15.45.210, the lieutenant governor, with the concurrence of the attorney general, is responsible for determining whether an act of the legislature is substantially the same as a proposed initiative.² Once the determination is made it is subject to judicial review under AS 15.45.240.³

¹ An amendment by statute, if substantially the same as the initiative, would cause the initiative to become void under art. XI, sec. 4 of the Constitution of the State of Alaska; that section reads:

SECTION 4. Initiative Election. An initiative petition may be filed at any time. The lieutenant governor shall prepare a ballot title and proposition summarizing the proposed law, and shall place them on the ballot for the first statewide election held more than one hundred twenty days after adjournment of the legislative session following the filing. If, before the election, substantially the same measure has been enacted, the petition is void.

² AS 15.45.210 reads:

Sec. 15.45.210. Determination of void petition. If the lieutenant governor, with the formal concurrence of the attorney general, determines that an act of the legislature that is substantially the same as the proposed law was enacted after the petition had been filed, and before the date of the election, the petition is void and the lieutenant governor shall so notify the committee.

Representative Mike Chenault
April 14, 2014
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A test for similarity between a measure enacted by the legislature and an initiative was set out by the Alaska Supreme Court in 1975, in *Warren v. Boucher*. The court noted: "that the legislative act need not conform to the initiative in all respects"⁴

The general test is whether "the legislative act achieves the same general purpose as the initiative"⁵

In 2005 the Alaska Supreme Court explained further how the general test adopted in *Warren* applies in a case where the scope of an initiative's subject matter is narrow compared to the scope of the initiative's subject matter in *Warren*:

Warren developed a three-part test to determine whether a proposed initiative and legislation are substantially the same: A court must first determine the scope of the subject matter, and afford the legislature greater or lesser latitude depending on whether the subject matter is broad or narrow; next, it must consider whether the general purpose of the legislation is the same as the general purpose of the initiative; and finally it must consider whether the means by which that purpose is effectuated are the same in both the legislation and the initiative.⁶

Applying the three-part test developed in *Warren* and refined in *State v. Trust the People*, a court would probably find that HB 384 am is substantially the same as the pending minimum wage initiative. The court would probably find that the narrow purpose of the initiative -- to raise the minimum wage to \$8.75 for one year, to \$9.75 for the following two years, and thereafter to an amount based on a rate of inflation as measured by the Consumer Price Index for Anchorage -- is accomplished by a bill that does the same but raises the minimum wage higher, and takes effect earlier, than the initiative would.

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³ AS 15.45.240 reads:

Sec. 15.45.240. Judicial review. Any person aggrieved by a determination made by the lieutenant governor under AS 15.45.010 - 15.45.220 may bring an action in the superior court to have the determination reviewed within 30 days of the date on which notice of the determination was given.

⁴ *Warren v. Boucher*, 543 P.2d 731, 736 (Alaska 1975).

⁵ *Id.*

⁶ *State v. Trust the People*, 113 P.3d 613, 621 (Alaska 2005).



THE STATE
of **ALASKA**

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June 20, 2013

The Honorable Mead Treadwell
Lieutenant Governor
P.O. Box 110015
Juneau, Alaska 99811-0015

Re: *Review of Initiative Application for "An Act increasing the Alaska minimum wage to \$8.75 per hour effective January 1, 2015, \$9.75 per hour effective January 1, 2016, and thereafter adjusted annually for inflation."*
A.G. File No. JU2013200288

Dear Lieutenant Governor Treadwell:

You asked us to review an application for an initiative entitled "An Act increasing the Alaska minimum wage to \$8.75 per hour effective January 1, 2015, \$9.75 per hour effective January 1, 2016, and thereafter adjusted annually for inflation" ("13MINW"). Because the application complies with the specific constitutional and statutory provisions governing the initiative process, we recommend that you certify the application.

I. Summary of the Proposed Bill.

A. Brief Summary and Background.

The bill proposed by this initiative would provide for an increase in Alaska's minimum wage. Specifically, the bill would increase Alaska's minimum wage to \$8.75 per hour effective January 1, 2015, \$9.75 per hour effective January 1, 2016, and thereafter adjusted annually for inflation.

Currently, AS 23.10.065(a) sets Alaska's minimum wage at \$7.25 per hour until December 31, 2009, "and thereafter not less than 50 cents an hour more than the federal minimum wage." Accordingly, since 2010, Alaska's minimum wage has been \$7.75 per

hour. The Fair Minimum Wage Act of 2007¹ amended the Fair Labor Standards Act of 1938 to ultimately increase the federal minimum wage to \$7.25 per hour for employment subject to the Federal Fair Labor Standards Act. For states that have statutory minimum wages, those wages range from \$5.15 per hour in Wyoming and Georgia (for employment exempt from the federal minimum)² to \$9.19 per hour in Washington.³

B. Sectional Summary.

The bill proposed by this initiative is two pages long, single-spaced, and consists of four sections, which are summarized as follows.

- **Section 1.** This section is a statement of findings and a declaration. The section declares that an increase in Alaska's minimum wage would help ensure a minimum standard of living for the health and well-being of Alaskans; that Alaskans working full-time at the current minimum wage earn far below the federal poverty level for a family of three; that several states in the Pacific Northwest have a higher minimum wage; and that a fair minimum wage indexed to the cost of living will help low-income workers keep pace with inflation.
- **Section 2.** This section is a statement of purpose and intent, providing that the bill intends to raise Alaska's minimum wage to \$8.75 per hour effective January 1, 2015, \$9.75 per hour effective January 1, 2016, and thereafter adjusted annually for inflation.
- **Section 3.** This section would repeal and reenact AS 23.10.065(a). The section would require every employer to pay each employee a minimum wage of \$8.75 per hour effective January 1, 2015, \$9.75 per hour effective January 1, 2016, and thereafter adjusted annually for inflation. The section provides a method for calculating that adjustment, and provides that the adjustment would apply to work performed from January 1 through December 31 of the year for which it is effective. The section provides that an employer may not use tips or gratuities to offset payment of the

¹ 29 U.S.C. § 206 (2007).

² Wyo. Stat. Ann. § 27-4-202(a); GA. Code. Ann. § 34-4-3.

³ This amount, effective January 1, 2013, was calculated pursuant to the requirements of a 1998 ballot initiative, "Initiative 688." See Perkins Coie, *Washington Minimum Wage Rises to \$6.90*, 8 No.1 1 Wash. Emp. L. Letter 6 (Dec. 2001).

minimum wage, and that Tip Credit as defined by relevant federal law does not apply to the minimum wage.

- **Section 4.** This section provides that if the minimum wage determined under section 3 of the bill is less than one dollar over the federal minimum wage, the Alaska minimum wage shall be set at one dollar over the federal minimum wage, and that the amount shall be adjusted in subsequent years by the method set forth in section 3 of the bill.

II. Analysis.

Under AS 15.45.070, the lieutenant governor must review an application for a proposed initiative and within sixty calendar days of receipt either “certify it or notify the initiative committee of the grounds for denial.” The application for the 13MINW initiative was filed on April 26, 2013. The 60th calendar day after the filing date is June 25, 2013. Under AS 15.45.080, certification shall only be denied if: “(1) the proposed bill to be initiated is not confined to one subject or is otherwise not in the required form; (2) the application is not substantially in the required form; or (3) there is an insufficient number of qualified sponsors.”

A. Form of the proposed bill.

In evaluating an initiative application, you must determine whether the application is in the “proper form.”⁴ Specifically, you must decide whether the application complies with “the legal procedures for placing an initiative on the ballot, and whether the initiative contains statutorily or constitutionally prohibited subjects which should not reach the ballot.”⁵

The form of a proposed initiative bill is prescribed by AS 15.45.040, which requires four things: (1) the bill be confined to one subject; (2) the subject be expressed in the title; (3) the enacting clause state: “Be it enacted by the People of the State of Alaska”; and (4) the bill not include prohibited subjects. The prohibited subjects are the making or repealing of appropriations, the enactment of local or special legislation, the

⁴ Alaska Const. art. XI, § 2.

⁵ *McAlpine v. Univ. of Alaska*, 762 P.2d 81, 87 n.7 (Alaska 1988).

dedication of revenue, and the creation of courts, the definition of their jurisdiction, or prescribing rules of court.⁶

Absent a subject matter restriction under Alaska law on the use of the initiative process or a proposal that is clearly unlawful under controlling authority, the initiative bill must proceed to the ballot.⁷ Specifically, you have the authority to deny certification only if you determine that the measure violates any of the liberally construed constitutional and statutory provisions regulating initiatives.⁸ This initiative does not appear to violate any of these provisions. With respect to other concerns “grounded in general contentions that the provisions of an initiative are unconstitutional,” you may deny certification only if “controlling authority leaves *no room for argument* about its unconstitutionality.”⁹ We find no such controlling authority and therefore recommend that the initiative be certified.

This initiative bill meets the first three requirements. It is confined to one subject—Alaska’s minimum wage. The subject is expressed in the title, “An Act increasing the Alaska minimum wage to \$8.75 per hour effective January 1, 2015, \$9.75 per hour effective January 1, 2016, and thereafter adjusted annually for inflation.” And the required enacting clause is present.

⁶ AS 15.45.010; *see* Alaska Const. art. XI, § 7 (also prohibiting dedication of revenue, the creation of courts, defining the jurisdiction of courts or prescribing their rules).

⁷ *See, e.g., State v. Trust the People*, 113 P.3d 613, 624 (Alaska 2005); *see also Alaska Action Ctr., Inc. v. Municipality of Anchorage*, 84 P.3d 989, 992 (Alaska 2004) (“The executive officer may only reject the measure if controlling authority leaves no room for argument about its unconstitutionality. The initiative’s substance must be on the order of a proposal that would mandate local school segregation based on race in violation of *Brown v. Board of Education* before the clerk may reject it on constitutional grounds. And absent controlling authority, the court should not decide this type of challenge until the initiative has been enacted by the voters.”) (internal citations and quotations omitted). The roles of the lieutenant governor and a municipal clerk are analogous in the statewide and municipal initiative certification context, respectively. *Kodiak Island Borough v. Mahoney*, 71 P.3d 896, 898 (Alaska 2003).

⁸ *Alaska Action Ctr.*, 84 P.3d at 992.

⁹ *Id.* (internal citations and quotations omitted) (emphasis added).

With respect to the final requirement, in determining whether an initiative bill contains a prohibited subject, the Alaska Supreme Court has adopted a “deferential attitude toward initiatives,”¹⁰ and has consistently recognized that the constitutional and statutory provisions pertaining to the use of the initiative should be liberally construed in favor of allowing an initiative to reach the ballot.¹¹ Indeed, the court has “sought to preserve the people’s right to be heard through the initiative process wherever possible.”¹² We have reviewed the bill with these principles in mind and conclude that the initiative bill contains no prohibited subject. As such, the fourth requirement relating to the form of the bill is satisfied.

This bill is straightforward. It would simply increase Alaska’s minimum wage to \$8.75 per hour effective January 1, 2015, \$9.75 per hour effective January 1, 2016, and thereafter adjusted annually for inflation. Nothing in this bill suggests making or repealing an appropriation, enacting local or special legislation, dedicating revenue, creating courts, defining court jurisdiction or prescribing court rules. Accordingly, the bill contains no prohibited subject.¹³

B. Form of the application.

The form of an initiative application is prescribed in AS 15.45.030, which provides as follows:

The application must include the

- (1) proposed bill;
- (2) printed name, the signature, the address, and a numerical identifier of not fewer than 100 qualified voters who will serve as sponsors; each signature page must include a statement that the sponsors are qualified voters who signed the application with the proposed bill attached; and

¹⁰ *Yute Air Alaska, Inc. v. McAlpine*, 698 P.2d 1173, 1181 (Alaska 1985).

¹¹ *McAlpine*, 762 P.2d at 91; *Yute Air*, 698 P.2d at 1181.

¹² *Pebble Ltd. P’ship ex rel. Pebble Mines Corp. v. Parnell*, 215 P.3d 1064, 1076 (Alaska 2009).

¹³ AS 15.45.010; Alaska Const. art. XI, § 7.

- (3) designation of an initiative committee consisting of three of the sponsors who subscribed to the application and represent all sponsors and subscribers in matters relating to the initiative; the designation must include the name, mailing address, and signature of each committee member.

The application on its face meets the first and third requirements, as well as the latter portion of the second requirement regarding the statement on the signature page. With respect to the first clause of the second requirement, we understand that the Division of Elections has determined that the application contains the signatures and addresses of not fewer than 100 qualified voters.

C. Number of qualified sponsors.

As noted above, we understand that the Division of Elections has determined that the application contains the signatures and addresses of not fewer than 100 qualified voters.

III. Proposed ballot and petition summary.

We prepared a ballot-ready petition title and summary for your consideration. It is our practice to provide you with a title and summary to assist you in compliance with AS 15.45.090(2) and AS 15.45.180. Under AS 15.45.180, the title of an initiative is limited to twenty-five words and the body of the summary is limited to the number of sections in the proposed law multiplied by fifty. "Section" in AS 15.45.180 is defined as "a provision of the proposed law that is distinct from other provisions in purpose or subject matter." Alaska Statute 15.45.180 requires that the ballot proposition "give a true and impartial summary of the proposed law."

This bill has four sections. Therefore the maximum number of words for the summary may not exceed 200. There are seven words in the title and 151 words in the summary of the following proposed ballot proposition, which we submit for your review:¹⁴

¹⁴ At the request of your office, and consistent with past practice, we worked with the sponsors of the initiative in developing this summary.

An Act to Increase Alaska's Minimum Wage

This bill would raise Alaska's minimum wage from \$7.75 per hour to \$8.75 per hour as of January 1, 2015. The bill would raise the minimum wage to \$9.75 per hour as of January 1, 2016. The bill would adjust the minimum wage each year for inflation after 2016. The bill creates a method for this adjustment. Under the bill, if the adjusted minimum wage is less than one dollar over the federal minimum wage, Alaska's minimum wage will be one dollar over the federal minimum. Tips or gratuities would not count toward the minimum wage.

The bill has a statement of findings and declaration. This statement gives reasons for the bill. The reasons pertain to quality of life for low income workers, the effect of increases in the cost of living, the relationship of the Alaska minimum wage to the federal poverty level, and the minimum wage in other states.

Should this initiative become law?

This summary has a Flesch test score of 49.1. We believe the summary satisfies the readability standards of AS 15.60.005.¹⁵

IV. Conclusion.

For the foregoing reasons, we find that the proposed bill and application are in the proper form and that the application complies with the constitutional and statutory provisions governing the use of the initiative. We therefore recommend that you certify the initiative application and notify the initiative committee of your decision. You may then begin to prepare petitions in accordance with AS 15.45.090.

¹⁵ See, e.g., 2007 Op. Att'y Gen. (Nov. 8; 663-08-0036) (advising that ballot summary with Flesch test score of 44.9 satisfied AS 15.60.005). This office has previously recommended a proposed ballot summary with a Flesch test score of 33.8 for a complicated ballot initiative, and that summary was upheld verbatim by the Alaska Supreme Court. See 2007 Op. Att'y Gen. (Oct. 17; 663-07-0179); *Pebble*, 215 P.3d at 1082-84. We therefore believe a court would uphold this summary as well.

Hon. Mead Treadwell
Re: Review of 13MINW Initiative Application

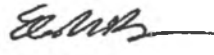
June 20, 2013
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Please contact us if we can be of further assistance in this matter.

Sincerely,

MICHAEL C. GERAGHTY
ATTORNEY GENERAL

By:


Elizabeth M. Bakalar
Assistant Attorney General

EMB/tjd

13MINW
Weekly District Totals Final Report
February 25, 2014

HOUSE DISTRICT	NUMBER OF SIGNATURES NEEDED FOR 7%	SIGNATURES PROCESSED PER HOUSE DISTRICT
1	515	663
2	606	971
3	375	545
4	442	1000
5	541	1086
6	496	489
7	496	846
8	533	913
9	477	634
10	431	882
11	573	904
12	402	703
13	359	788
14	464	1311
15	401	1048
16	445	1513
17	294	1273
18	442	1490
19	566	1632
20	528	1230
21	594	1136
22	426	1066
23	550	1049
24	480	1026
25	576	1398
26	706	1117
27	735	1428
28	561	321
29	533	237
30	646	629
31	619	1456
32	642	1580
33	510	874
34	588	780
35	468	640
36	334	230
37	283	432
38	455	688
39	445	259
40	277	182

INITIATIVE PETITION BILL LANGUAGE

by Petition Sponsors

A Bill Increasing Alaska's Minimum Wage

Proposed Bill:

FOR AN ACT ENTITLED "An Act increasing the Alaska minimum wage to \$8.75 per hour effective January 1, 2015, \$9.75 per hour effective January 1, 2016 and thereafter adjusted annually for inflation."

BE IT ENACTED BY THE PEOPLE OF THE STATE OF ALASKA

Section 1. Findings and Declaration

The people of the State of Alaska find and declare that:

- (a) An increase in Alaska's minimum wage will help ensure a minimum standard of living for the health and well being of every Alaskan,
- (b) Alaskans working full-time at the current minimum wage earn far below the federal poverty level for a family of three,
- (c) The U.S. West Coast states of Washington, Oregon, and California already have a higher minimum wage than the State of Alaska,
- (d) A fair minimum wage indexed to the cost of living will help low-income workers keep pace with inflation.

Section 2. Purpose

The purpose and intent of enacting this legislation is to raise Alaska's minimum wage to \$8.75 per hour effective January 1, 2015, \$9.75 per hour effective January 1, 2016, and thereafter adjusted annually for inflation.

Section 3. AS 23.10.065(a) is repealed and reenacted to read:

(a) Except as otherwise provided for in law, an employer shall pay to each employee a minimum wage, as established herein, for hours worked in a pay period, whether the work is measured by time, piece, commission or otherwise. An employer may not apply tips or gratuities bestowed upon employees as a credit toward payment of the minimum hourly wage required by this section. Tip credit as defined by the Fair Labor Standards Act of 1938 as amended does not apply to the minimum wage established by this section. Beginning with the passage of this Act, the minimum wage shall be \$8.75 per hour effective January 1, 2015, \$9.75 per hour effective January 1, 2016 and thereafter adjusted annually for inflation. The adjustment shall be calculated each September 30, for the proceeding January-December calendar year, by the Alaska Department of Labor and Workforce Development, using 100 percent of the rate of inflation based on the Consumer Price Index for all urban consumers for the Anchorage metropolitan area, compiled by the Bureau of Labor Statistics, United States Department of Labor; the department shall round the adjusted minimum hourly wage up to the nearest one cent; the adjusted minimum hourly wage shall apply to work performed beginning on January 1 through December 31 of the year for which it is effective.

Section 4. If the minimum wage determined under Section 3 is less than one dollar over the federal minimum wage, the Alaska minimum wage shall be set at one dollar over the federal minimum wage. This amount shall be adjusted in subsequent years by the method established in Section 3.



Summary of Alaska Wage and Hour Act

Minimum Wage Standard

Alaska Minimum Wage: \$7.75/hour (Effective 1/1/10)



Alaska Statute 23.10.050 – 23.10.150 establishes minimum wage and overtime pay standards for employment subject to its provisions. These standards are generally applicable to all employees. School bus drivers, however, shall receive at least two times the Alaska minimum wage. Other exceptions to the minimum wage requirement follow.

Exceptions to Alaska Minimum Wage

Alaska minimum wage does not apply to any individual employed as follows:

- ♦ In agriculture;
- ♦ In the taking of aquatic life;
- ♦ In domestic service (including babysitting) in or about a private home;
- ♦ By U.S., state or local government (i.e., political subdivisions)
- ♦ In voluntary service in the activities of a nonprofit religious, charitable, cemetery, educational organization; or other nonprofit organization;
- ♦ In delivery of newspapers to the consumer;
- ♦ Solely as a watchman or caretaker on premises out of operation for longer than four months;
- ♦ In a bona fide executive, professional or administrative capacity – as defined by regulations of the Commissioner of Labor and Workforce Development and regulations as defined in the FLSA –, or in certain computer occupations, or as an outside salesman, or any salesman working on a straight commission basis;
- ♦ In the search for placer or hard rock minerals;
- ♦ Youth under age 18 employed part-time for not more than 30 hours in any week (must be paid at least federal minimum wage);
- ♦ By a nonprofit educational or child care facility to serve in place of a parent of children in residence if the employment requires residence at the facility and is compensated on a cash basis exclusive of room and board at an annual rate of less than (a) \$10,000 for an unmarried person; or (b) \$15,000 for a married couple;
- ♦ An independent cab driver who establishes the driving area and hours, who contracts on a flat rate basis for the use of the cab, cab permit or dispatch services, and who is compensated solely by the customers served;
- ♦ A person licensed under AS 08.54 who is employed by a registered guide or master guide licensed under AS 08.54, for the first 60 workdays so employed during a calendar year;
- ♦ An individual engaged in activities for a nonprofit religious, charitable, civic, cemetery, recreational, or educational organization where the employer-employee relationship does not, in fact, exist, and where services are rendered to the organization under a work activity requirement of AS 47.27 (Alaska temporary assistance program); or
- ♦ An individual who provides emergency medical services only on a voluntary basis; serves with a full-time fire department only on a voluntary basis; or provides ski patrol services on a voluntary basis.

Overtime Hours

The standard work week for employees shall not exceed 40 hours per week or eight hours per day. Should an employer find it necessary to employ an employee in excess of these standards, overtime hours shall be compensated at the rate of one and one-half times the regular rate of pay

Overtime Exceptions

Compensation at the overtime rate is not required in the following cases:

- ♦ By an employer who employs three or fewer people in the regular course of business;
- ♦ An individual employed in handling, packing, storing, pasteurizing, drying, canning, or preparing in their raw or natural state agricultural or horticultural commodities for market or in making cheese, butter or other dairy products;
- ♦ An employee of a small mining operation where not more than 12 people are employed, as long as an individual is not employed in excess of 12 hours a day or 56 hours a week during a period(s) of not more than 14 work weeks in the aggregate in any calendar year during the mining season;
- ♦ Agricultural employees;
- ♦ Seamen;
- ♦ Workers engaged in planting or tending trees, cruising, surveying, bucking or felling timber, preparing or transporting logs or other forestry products to the mill, processing plant, railroad or other transportation terminal if the total number of employees in such lumber operation does not exceed 12;
- ♦ Casual employees as defined by regulations of the Commissioner of Labor and Workforce Development;
- ♦ Hospital employees whose duties include provision of medical services;
- ♦ An employee under a flexible work hour plan which is included as part of a collective bargaining agreement;
- ♦ An employee under a voluntary flexible work plan if the employee and the employer have signed a written agreement which has been approved by the Department;
(Overtime rates must be paid for work over 40 hours a week or 10 hours a day under a flexible work plan not included in a collective bargaining agreement.)
- ♦ A line haul truck driver for a trip exceeding 100 road miles one way if the driver's pay includes overtime pay for work in excess of 40 hours per week or eight hours per day, and the rate of pay is comparable to the minimum wage;
- ♦ A community health aide employed by a local or regional health organization as those terms are defined in AS 18.28.100;
- ♦ Work performed by a mechanic primarily engaged in the servicing of automobiles, light trucks, and motor homes, subject to certain provisions (see AS 23.10.060(d)(17));
- ♦ Work performed by an employee under a voluntary written agreement addressing the trading of work shifts among employees, if employed by an air carrier subject to subchapter II of the Railway Labor Act (45 U.S.C.181-188), including employment as customer service representative, subject to certain provisions (see AS 23.10.060(d)(18)).
- ♦ Work performed by a flight crew member employed by an air carrier subject to 45 U.S.C 181-188 (subchapter II of the Railway Labor Act)

NOTE: This is not a complete list of all exemptions to minimum wage and overtime provisions. Refer to AS 23.10.055 and AS 23.10.060. The above text is intended for informational purposes only and is not to be construed as having the effect of law.

Inquiries should be made to: Wage and Hour Administration, Alaska Department of Labor and Workforce Development, 3301 Eagle Street, Suite 301, Anchorage, AK 99503-4149, (907) 269-4900, Email: Anchorage.LSS-WH@alaska.gov

Recordkeeping

An employer shall keep for a period of at least three years all payroll information and records for each employee at the place of employment.

Post in a prominent place as required by AS 23.10.105.

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Minimum wage bill introduced in Juneau, but is it a ploy?

By RICHARD MAUER

rmauer@adn.com April 4, 2014 Updated 3 hours ago

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JUNEAU – The House leadership introduced a bill Friday to raise the minimum wage in Alaska, but supporters of the minimum wage ballot initiative said they suspect it's a repeat of what they said was a trick in 2002 to gut the measure and discourage low-income workers from going to the polls.

House Bill 384 emerged Friday with just two weeks to go in the session. It was introduced by the House Rules Committee, which is controlled by the Republican House leadership.

The bill had no sponsor statement Friday, nor any sponsorship from individual legislators. Like any new bill, its title was read on the House floor. It was referred to the House Labor & Commerce Committee, whose chairman, Rep. Kurt Olson, R-Soldotna, has worked closely with House leadership, including filling in as Rules Committee chairman this week in the absence of Rep. Craig Johnson, R-Anchorage.

The bill would raise the state's minimum wage from \$7.75 to \$8.75 in 2015, then add another dollar in 2016. It would index the future minimum wage to the rate of inflation.

That's similar to the initiative already approved for the ballot by Lt. Gov. Mead Treadwell, though the initiative would also provide that tips could not be counted toward the minimum wage.

Ed Flanagan, prime sponsor of the initiative, said he suspects the Republicans are engaging in a "cynical attempt" to disrupt the initiative.

Alaska law allows the Legislature to preempt a ballot initiative by passing a similar measure in the session before the vote. Republicans did that in 2002, killing off a minimum wage measure that was substantially similar.

Then, in 2003, the Legislature gutted the measure, Flanagan said, stripping it of its inflation proofing.

State law prohibits the Legislature from tampering with an initiative for two years after voters approve it. There's no such restriction on an ordinary bill. Had the 2002 initiative gone ahead, the Legislature wouldn't have been able to modify it for at least another year.

Neither Olson nor House Speaker Mike Chenault returned calls seeking comment.

Unlike in 2002, the initiative sponsors and supporters say they have been expecting a bill, and have been building support across party lines. Flanagan said he hoped Republican senators who got support from organized labor would join Democrats in blocking the bill if it got that far.

Reach Richard Mauer at rmauer@adn.com or (907) 500-7388.

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Compass: Any minimum wage bill from House majority is a trick, not a raise

By ED FLANAGAN April 2, 2014

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In the Superman comic books of my youth, "Bizarro World" was a parallel universe where everyday was Opposite Day. Up meant down, bad meant good, the world was a cube, and Bizarro Superman and Bizarro Lois Lane looked like the Addams family on a bad hair day.

In the Bizarro World that is the Alaska Legislature, we find ourselves in a situation where the only right vote on any minimum wage bill introduced by the House majority late in the session is "no."

Even to those accustomed to cynicism and insincerity in the Legislature, the sudden interest in passing a minimum wage law that would preempt the voter initiative is breathtaking in the contempt and disrespect for the intelligence of Alaska voters it demonstrates.

Protests by House Majority Leader Lance Pruitt notwithstanding, his majority would only pass a bill identical to the initiative for two reasons, neither having anything to do with the best interests of Alaska workers. The first would be to avoid bringing out low-income voters who might not vote as the House majority would prefer in statewide races or on other ballot measures. The second is to come back next year and repeal key provisions of the law before they take effect, as was done in 2003.

In 2001, bills to increase the minimum wage and index it to inflation were stalled in the Legislature. The AFL-CIO gathered 50,000 signatures for an initiative mirroring Gov. Knowles' bill, which was approved for the November 2002 ballot. As with the current initiative, polls showed 70 percent support for the measure. After trying to move a bill without indexing, which they were advised would not meet the test of "substantially similar" legislation required to block the vote, the Legislature passed a bill identical to the initiative, sponsored by House Speaker Pete Kott, in May 2002.

Kott was asked if the bill had been passed only to keep the initiative off the ballot and curb turnout by low-income voters who might lean Democratic. Here's an excerpt from an Associated Press story from May 16, 2002:

"Rep. Pete Kott, R-Eagle River, has said that was not his motivation for sponsoring the bill. Kott had proposed a smaller increase in 2001 but changed his bill to match the ballot initiative. He has said it is better for the Legislature to address the measure than leave it to voters. That way, if legislators decide to change the inflation provision, they can do so next year, Kott said. If the change were made through a ballot initiative, they'd have to wait two years."

Kott knew what he was doing and was, in this case, true to his word. In May 2003, the Legislature repealed the indexing provision in a bill signed by Frank Murkowski. Seventeen majority legislators who had voted for the bill in 2002 voted to gut it in 2003.

Had they left the indexing provision in place, Alaska's minimum wage would be \$9.53 today, rather than \$7.75, a huge difference in the lives of thousands of hard-working Alaskans.

A move is afoot to pull the same cynical stunt this year, preempting the minimum wage initiative already approved for the August ballot as Ballot Measure 3. While House Majority Leader Lance Pruitt claims it is wrong to assume history will repeat itself, representatives of the hospitality industry work the halls with a top lobbyist seeking support for legislation to do just that. Is Pruitt really unaware that one in four of current Republican legislators voted to gut the 2002 bill in 2003? He is being disingenuous -- at best -- when he dismisses valid concerns of initiative supporters. A young man with likely statewide ambitions, he should consider finding a better role model than Pete Kott.

If a minimum wage bill is introduced, Alaskans need to let legislators know we won't be fooled again. They should stop playing games and insulting our intelligence, and let the people vote on the initiative. At least the majority would then have to wait two years to thwart the will of the people.

Ed Flanagan is chair of Alaskans for a Fair Minimum Wage, the sponsor of the minimum wage initiative which has been certified for the August election as Ballot Measure 3. He served as labor commissioner under Gov. Tony Knowles from January 1999 to December 2002.

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Alaska Dispatch

News and voices from the Last Frontier

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[Home](#) > Minimum wage bill has ballot initiative supporters on edge

[Suzanna Caldwell](#) ^[1]

April 4, 2014

Main Image:

[Dollars](#) ^[2]

Main Image Caption:

The Alaska House of Representatives introduced a bill mirroring a ballot initiative that would increase the minimum wage by \$2 in the coming years, and that has supporters concerned.

Supporters of a ballot initiative that would increase minimum wage in Alaska are worried a new bill from the legislature could take them back to square one.

The House Rules Committee Friday introduced House Bill 384, which mirrors the language of the ballot initiative that would increase Alaska's minimum wage by \$2 over the next two years and adjust for inflation after that.

If passed, the bill would render the initiative null, and it would not go to voters in the fall.

On its face, there seems to be little issue between the initiative and the bill. But there's one crucial difference in how these laws are created: If it's passed by the voters, the Legislature cannot alter the law for at least two years. But if the Legislature passes the bill, it can come back next session and modify it.

That's what has Ed Flanagan worried. Flanagan, former Alaska labor commissioner and now chair of Alaskans for a Fair Minimum Wage, doesn't have much faith in a bill passing, thanks to history.

"We're going to call this for what it is," Flanagan said Friday. "This is a phony bill."

That's because in 2002, things were looking eerily similar. An initiative was poised for the fall ballot, but with support for the effort high, the Legislature passed a bill that that was "substantially similar" to the initiative. The next year the Legislature reconvened and stripped the bill of an "inflation index" that would have tied the minimum wage to inflation increases -- "effectively gutting" the law, in Flanagan's words. He said that had the inflation index stuck, Alaska's minimum wage would be \$9.53 today instead of \$7.75.

The new initiative seems to have broad support: Sponsors were able to collect 43,000 signatures to put the effort on the August primary ballot. A recent poll sponsored by the Alaska House majority found that 69 percent of respondents supported raising the minimum wage.

That poll piqued the curiosity of House legislators. House Speaker Mike Chenault, R-Nikiski, said Friday he decided to introduce the bill because the House "has the right to weigh in on an issue that deals with Alaskans."

Chenault said it would be interesting to watch how the bill proceeds. Ballot initiatives fail all the time, he said, and if it does pass the Legislature that guarantees Alaskans will get a minimum wage increase.

Chenault said it's not his intention to take the inflation element out of the bill should it pass. He noted it's been 12 years since the last minimum wage bill, with a new Legislature full of new representatives. So far, he said, he hasn't talked to anyone who has any interest in stripping out the inflation increase.

"I've told folks that if we go through with it, we need to make sure that we leave the bill alone and that it goes forward as written, the way that the initiative is currently proposed," he said.

But Flanagan doesn't believe that. Of the 39 Republicans in the Legislature, he said, 10 of them voted to "gut" the bill in 2002, including Chenault. Flanagan worries that not only could they come in and pull out the inflation element, but they could propose stripping out the second \$1 increase that would take effect in 2016.

"The people ain't that different," Flanagan said, "and the ideology and philosophy is not different at all."

The bill has its first hearing set for April 9 in the House Labor and Commerce Committee.

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Alaska minimum wage initiative supporters call House's bill a 'phony'

Matt Buxton/mbuxton@newsminer.com | Posted: Saturday, April 5, 2014 12:15 am

JUNEAU — The supporters of the initiative to raise Alaska's minimum wage say a bill introduced by the Republican-lead House to do the same is “phony.”

House Bill 384 was introduced by the House Rules Committee, where much of the House's Republican leadership sits, on Friday and copies the provisions contained in the initiative.

Both would raise minimum wage to \$9.75 per hour over two years, adjust for inflation after that and guarantee the state's minimum wage is always at least a dollar more than federal minimum wage.

But supporters of the initiative say it's an attempt to gut the measure and discourage low-income works from going to the polls.

That's because if the Legislature passes a bill that is substantially similar to an initiative, the initiative gets knocked off the ballot. That can be a big deal because the Legislature can't touch an initiative for two years, but there's no such provision for bills.

The Legislature could return to the bill next year and undo it, just like they did to the 2002 initiative to raise the minimum wage, said Fairbanks Democratic Rep. David Guttenberg.

“The entire thing is a red flag,” he said. “The last time there was a ballot initiative instead of getting it on the ballot, we passed it out of the Legislature and the next year they came back and took out the escalator (the provision adjusting minimum wage with inflation). Now they're doing the same thing. It's completely disingenuous.”

A House-sponsored study found the initiative was popular, with 69 percent of respondents supporting an increase to the minimum wage.

House Speaker Mike Chenault, R-Nikiski, denied the initiative supporters' claims, and in an interview with the Associated Press said the bill is a response to the poll.

“It's an issue on Alaskans' minds, and we think maybe it is time to take it up,” he said.

But initiative sponsor and former labor commissioner Ed Flanagan said he hopes people see through the House's bill.

He said people shouldn't take it seriously considering the body's lack of action on minimum wage since they repealed much of the minimum wage bill in 2003 and the fact that the chairman of the

Rules Committee, Rep. Craig Johnson, was the sponsor of a 2009 law to freeze the pay of restaurant workers because they receive tips.

"The legislature's Republican majorities have had no interest in raising the minimum wage," he said. "There has been at least one effort to reduce minimum wage of hospitality workers by introducing the tip credit. ... The sponsor of that legislation was none other than Rep. Craig Johnson, the sponsor of today's bill. So if I find Rep. Johnson's bona fides somewhat suspect on this issue people should understand why."

Guttenberg said that even though he supports raising the minimum wage, he's considering voting against the bill if it comes to a vote.

"I have a lot of angst about the disingenuousness of putting it on now," he said. "We have two weeks left, and if they wanted to have a decent hearing on it, they would have done it a month ago."

Guttenberg's possible no vote is something Flanagan said he's hoping other legislators will consider, even if they support the minimum wage. He said he plans to roll out an advertising campaign in the next few weeks to let the public know what the House Republicans are attempting.

Contact staff writer Matt Buxton at 459-7544.

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Bill to boost Alaska's minimum wage introduced in legislature - and criticized by backers of ballot measure

By RICHARD MAUER

rmauer@adn.com April 4, 2014 Updated 17 hours ago

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JUNEAU -- The House leadership introduced a bill Friday to raise the minimum wage in Alaska, but supporters of a ballot initiative to do the same thing said the move is eerily similar to one in 2002 when Republicans passed a wage bill only to gut it the next year.

"They are counting on Alaskans to forget that they've pulled this trick before," said Sen. Hollis French, D-Anchorage.

The minimum wage bill, House Bill 384 emerged Friday with just two weeks to go in the session. It was introduced by the House Rules Committee, which is controlled by the Republican House leadership.

The bill had no sponsor statement Friday, nor any sponsorship from individual legislators. Like any new bill, its title was read on the House floor and it got a committee referral -- in this case, to the House Labor & Commerce Committee.

The chairman of Labor & Commerce, Rep. Kurt Olson, R-Soldotna, has worked closely with House leadership, including filling in as Rules Committee chairman this week. A hearing on HB 384 was scheduled for April 9 -- 11 days before the Legislature is due to adjourn.

The bill and the initiative would raise the state's minimum wage from the current \$7.75 to \$8.75 in 2015, then add another dollar in 2016. Both measures would index the future minimum wage to inflation and guarantee it was at least \$1 over the federal minimum wage, though the language of each is not identical.

Ed Flanagan, prime sponsor of the initiative and a labor commissioner under Gov. Tony Knowles, said he suspects Republicans are attempting to knock the measure from the ballot.

Alaska law allows the Legislature to preempt a ballot initiative by passing a similar law in the session before the vote. Republicans did that in 2002, killing off a minimum wage initiative that was substantially similar.

Then, in 2003, the Legislature gutted its own law from the year before, Flanagan said, stripping it of its inflation proofing.

That couldn't have happened if the minimum wage increase had been approved by voters. State law prohibits the Legislature from tampering with an initiative for two years.

"This is a cynical attempt to supplant the initiative and come back next year rather than wait at least till the 2017 session, which they'd have to do, to remove the cost of living adjustment, which legislators always hate," Flanagan said.

Neither Olson nor House Speaker Mike Chenault returned calls seeking comment. At a news conference March 27, Rep. Lance Pruitt, an Anchorage Republican and the House majority leader, said his caucus was then considering a minimum wage bill because it would be popular.

"Obviously the public very much supports it, and as representatives of the public, shouldn't we just go ahead and do the will of the public?" Pruitt said.

Sen. Bill Wielechowski, an Anchorage Democrat and union attorney who is author of the current minimum wage law, questioned why Republicans have suddenly reached that conclusion.

"They've had how many years to introduce a minimum wage bill and they haven't done it," Wielechowski said. "It took me years and we finally got a small increase. It was fought every step of the way by the very people who are proposing this legislation."

Initiative sponsors and supporters say they have been expecting the House bill and have been building support across party lines to kill it.

"I think they're going have a much bigger fight on their hands than they expect," French said.

Wielechowski described the House bill as "a cynical ploy."

"They don't want working people going out to vote at the polls because it could influence ballot propositions and elections in some way, but also I think they want the opportunity to do exactly what they did in 2002 which is to overturn the will of the people next year," Wielechowski said.

In 2001, when the minimum wage was \$5.65, the Democratic Knowles administration asked the Legislature to raise it to \$7.15 and tie future increases to inflation. When nothing happened, the AFL-CIO led an effort to bypass the Legislature and get the minimum wage increase on the 2002 ballot.

Then-Rep. Pete Kott, R-Eagle River, introduced a similar bill. It eventually passed the Republican dominated House 33-6, with only Republicans voting no. The Senate passed it 19-1. Again, the no vote was a Republican.

Then-AFL-CIO president Mano Frey expressed satisfaction at the result.

"We're very pleased that the legislators did the right thing," he said. "They came to grips with at least one thing that really helps the working people of Alaska."

French, joining the Senate in 2003, witnessed the unraveling.

"I watched the same people that voted for inflation proofing in 2002 vote to strip it out in 2003," French said. "That was burned into my consciousness then and I'm shocked that they would think that the Alaskan public is going to fall for it again."

Flanagan's organization, Alaskans for a Fair Minimum Wage, said if inflation proofing had been retained, the minimum wage today would be \$9.53.

Rep. Chris Tuck, D-Anchorage, a union official, said he would vote against the minimum wage bill if it reached the floor to prevent supplanting the initiative. "Let the voters decide on this," he said.

Reach Richard Mauer at rmauer@adn.com or (907) 500-7388.



Union opposes Legislature taking up minimum wage

Posted: March 30, 2014 - 12:04am

By MATT WOOLBRIGHT

JUNEAU EMPIRE

Armed with a ballot initiative set for August, the president of the state's largest labor union told lawmakers Saturday that they would oppose the Legislature trying to raise the minimum wage.

Vince Beltrami, president of the Alaska AFL-CIO, made his remarks during a joint hearing of the House and Senate Judiciary Committees on Saturday.

"Any attempt to introduce and pass a substantially similar bill not only undermines the process, but deprives Alaska voters the opportunity liberties we all value so much," Beltrami said.

The ballot initiative would raise the minimum wage from \$7.75 an hour to \$8.75 an hour in 2015. In 2016, it would rise again to \$9.75, and after that it would adjust annually for inflation.

In total, 36,480 signatures have been gathered from 40 House districts. A similar effort failed to make it to the ballot in 2002 when the Legislature opted to pass similar legislation just before the question made it to the ballot.

Supporters of the initiative are concerned about the Legislature introducing a similar bill this year because of what happened the last time lawmakers used legislation to preempt a ballot question.

A new minimum wage law was enacted in 2002 ahead of asking voters to decide. Under state law, if a "substantially similar" law is passed by the Legislature ahead of a ballot question, that question is removed from the ballot.

Less than a year after raising the minimum wage in 2002, the Legislature went back and stripped out substantial portions of the law.

Ed Flanagan, the chair of the group behind the ballot initiative — Alaskans for a Fair Minimum Wage — said Saturday that he has "no confidence" the same thing wouldn't happen again.

After the meeting, House majority leader Rep. Lance Pruitt, R-Anchorage, told the Empire that this Legislature shouldn't be assumed to do the same thing as the group in the early 2000s.

"I don't think it's appropriate to make assumptions that because of what took place 10 years ago that everything is going to be the same," Pruitt said.

He added that there are added benefits of going through the Legislature — namely both sides have a chance to voice their opinions and the merits of each side can be vetted properly.

"If it's something the people are after, we're the representatives of the people," Pruitt said. "Why not show them that we're willing to do it?"

Most of those who testified Saturday represented labor unions or otherwise supported raising the wage.

"Raising the minimum wage won't eliminate all poverty, but it will certainly make a difference," said Anchorage resident Sharon Clawson, who said she became an active supporter of the effort because it would benefit children in Anchorage schools.

Flanagan told the joint committee that a full-time minimum wage earner in Alaska makes \$8,600 less than the federal poverty threshold for a family of three.

"We are confident that Alaskan voters will do the right thing and vote to replace our woefully inadequate state minimum wage law with that proposed in the initiative," Flanagan said.



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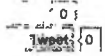


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The Arctic Sounder



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OPINION: Minimum wage impossibly low for survival in Alaska

January 24th 11:13 am | Carey Restino

print email link

A petition to increase the minimum wage was submitted this week to the state Division of Elections office with the hopes that this time, a solution to the state's chronically low minimum wage would be found, not only now, but into the future.

Like most things in this state, things started well — or at least equitably — when it came to Alaska's minimum wage. For most of our state's history, we have had one of the highest minimum wages in the nation. But in recent years, that status has fallen significantly, despite the fact that life in Alaska costs significantly more than in the rest of the nation. Federal workers in Alaska receive a hefty cost of living increase because the federal government recognizes it takes more than beautiful mountains to encourage people to want to live in the state.

Now, the state's minimum wage — \$7.75 per hour — is 17th in the nation. Only four states have a minimum wage that is lower than ours. That's \$16,120 for someone working a full-time job. The initiative, which collected 43,500 signatures, would raise the minimum wage to \$8.75 on Jan. 1, 2015 and \$9.75 the year after that. But the real promise in the initiative comes after that — when it would mandate that the rate would be adjusted for inflation or would be \$1 more than the federal minimum wage, whichever was greater.

According to news reports, a similar initiative went before state voters over a decade ago, but was trumped when state lawmakers passed a similar bill. Unfortunately, the next year, lawmakers gutted the inflation adjustment portion of the bill. Legislative action in 2009 put back in a provision for Alaska's minimum to be 50 cents above the federal minimum. And here we are today, with a woefully inadequate minimum wage that does little to help those in entry-level positions of the work world — those struggling to acquire job skills, resume credentials, and a life for themselves beyond welfare.

The cost of living fluctuates widely throughout the state. Most employers in rural Alaska, where costs are highest, don't pay minimum wage, or if they do, it is with the assurance that overtime wages are built into the equation during the many feast-or-famine jobs found in the summer in Alaska.

But in Alaska, what impacts one portion of the state also impacts other regions. More people depending on welfare programs and public assistance has an impact on all of us, and the minimum wage is a big part of that equation.

In the area that I live, it costs at least \$700 to rent a single bedroom apartment, another \$100 to heat it, \$100 to have phone service, and then there's transportation costs. Let's estimate most Alaskans don't have access to public transportation, so they need a car, and insurance will cost at least \$100 a month. Putting gas in that car probably costs \$150 a month. So now we are at \$1,150 a month and we haven't eaten yet, or bought toilet paper or socks. If you are working a minimum wage job in Alaska, you have less than \$200 left to do all that. It's simply not enough to survive. And it's absolutely not enough to put any away for savings, take a college class or try to build a career.

Luckily, most employers recognize this and pay their workers more than that, but some do not — mainly national fast food chains, who take advantage of the state's lack of action by putting the profits back into their coffers far away from the state of Alaska.

This initiative is important to all of us as our state's economy becomes more diverse and national chains move in where mom-and-pop businesses were owned by Alaskans who took care of their employees. We as a state must mandate that those working the lowest wage-drawing jobs get paid enough to cover their basic necessities.

If legislators move again to pre-empt the initiative by passing their own legislation, recognize that this would mute Alaskans' opportunity to voice their position on the issue. If an overwhelming majority of voters support the effort to increase the minimum wage now and into the future, it would be much harder for lawmakers, current and future, to support any legislation that waters down that mandate. And apparently, lawmakers need to hear loud and clear that the minimum wage is too low, and should never be this low again.

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The New York Times

The Impact of a Minimum-Wage Increase

By JARED BERNSTEIN

February 18, 2014, 5:40 pm

Jared Bernstein is a senior fellow at the Center on Budget and Policy Priorities in Washington and a former chief economist to Vice President Joseph R. Biden Jr.

Today's Economist

Perspectives from expert contributors.

The Congressional Budget Office has just released an analysis of the impact of increasing the federal minimum wage. The budget office examined two proposals: an increase from its current level of \$7.25 an hour to \$9, and an increase in three annual steps of \$0.95, reaching \$10.10 in 2016. Since the increase to \$10.10 is the proposal supported by the White House and many congressional Democrats, that's the one I'll focus on here.

The most important finding is that on balance, low- and moderate-income Americans are big winners from a higher minimum wage, which would raise earnings and incomes, lower poverty and inequality, and do so at no net cost to the federal budget.

These are among the report's key findings:

- It estimates that 16.5 million low-wage workers would directly benefit from the proposed increase to \$10.10 by the second half of 2016.
- It further notes that because of "spillover effects" — the fact that employers typically increase the wages of workers slightly above the new minimum (the report estimates that the spillover will go up to \$11.50) — an

additional eight million low-wage workers are also likely to receive some benefit from the change.

- It estimates that the increase in the wage would reduce employment by about 500,000. That amounts to about 0.3 percent of total employment, and about 3 percent of directly affected workers (500,000 of 16.5 million) and 1.5 percent of the total, including spillovers (i.e., including all those earning up to \$11.50).
- While those against the increase will highlight this employment loss finding as a rationale for their opposition, it is in fact entirely consistent with the view of most supporters of the increase: while the increase is expected to cause some job losses, the number of workers who would get a raise far outweigh those displaced: 97 percent to 98.5 percent of potentially affected workers would benefit from the proposal.
- The budget office estimates that because of the increase, 900,000 who are currently poor would move above the poverty threshold. That's about 2 percent of the number it expects to be poor when the increase is phased in (45 million).
- Of the affected workers, 88 percent are adult (20 and older), 56 percent are female, and most work full time (i.e., 53 percent work 35 or more hours a week).
- The incomes of most families with low-wage workers will increase under the proposal. About 70 percent of low-wage workers live in families whose average incomes are projected to rise, from 2.8 percent for the poorest families to 0.4 percent for middle-income families.
- The wealthiest families, however, lose under the proposal, as their income is predicted to fall by 0.4 percent, or \$700 for a family with average income around \$180,000. This results from reduced profits for business owners and slightly increased prices of goods and services that are not offset for these families by the higher wage. Note that these income predictions imply slightly lower income inequality.

A few comments about these findings:

To derive the job-loss effects, the report does not do any original research. It just uses estimates from a wide range of studies on the impact of past minimum-

wage increases. (For the technically inclined, it applies a negative employment elasticity that reflects the percent decline in jobs given a percent increase in the minimum wage.) It is important to recognize that there is a very wide range of estimates from which the budget agency can choose, as shown in the chart below, which plots results of the employment effect from dozens of studies (from a recent set of slides from the White House Council of Economic Advisers). This wide range does not imply that the budget office made a mistake, though it looks to me as if it applied a higher job-loss estimate than is the current consensus among economists who've closely studied the issue.

As the chart shows, the employment impact from this "meta-analysis" clumps around zero, which is why the report finds that the policy is a significant net plus from the perspective of low-wage workers: Many more workers get a raise from the policy than are displaced from their jobs.

In fact, the study points out that the range, or confidence interval, around their central estimate ranges from a "very slight decrease" to one million. The authors guess that there's a two-thirds chance that the true estimate is in that range.

There is no policy I can think of that generates only benefits without any costs, and policy makers always have to weigh the two sides. In the case of the minimum wage, on the benefits side of ledger, the budget office shows that 16.5 million low-wage workers would directly get a much-needed pay increase at no cost to the federal budget. Though the budget agency did not analyze longer-term results for these workers, it's also the case that when those displaced by the increase get their next low-wage job, they too will benefit from a higher paycheck than would otherwise be the case.

As I've stressed many times on this blog, policy makers need to be concerned about the *quantity* of jobs, and pursue policies that will increase that number. But they also have to worry about job *quality*, especially in the low-wage sector, where the decline in the real value of the minimum wage, the increase in earnings inequality (meaning less growth finds its way to the low end of the wage scale),

and the low bargaining power of the work force have placed strong, negative pressure on wage trends for decades.

With such job-quality concerns in mind, I'd say the long history of research shows that increasing the minimum wage is a simple, effective policy that achieves its goal of raising the value of low-wage work with minimal distortions at no cost to the federal budget. The Congressional Budget Office report further confirms that conclusion.

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COMMENTARY | Wages Incomes and Wealth

Economic research supports raising the minimum wage

By Ross Eisenbrey | July 13, 2012

This piece originally appeared in The Hill's Congress Blog

Michael Saltsman has trouble with his facts from the very first sentence of his **op-ed** on the minimum wage. Saltsman asserts that President Obama made a campaign pledge to raise the minimum wage to \$9.50 an hour and that four members of Congress have "introduced bills to make this promise a reality." In fact, President Obama argued for raising the minimum wage to \$9.50 last year, and there is only one bill in the House that would set a similar figure: H.R. 5727 (and it would raise it to \$9.80 by 2014, not \$9.50). Sen. Tom Harkin's Rebuild America Act would also raise the minimum wage to \$9.80 in 2014. But facts just get in Saltsman's way.

Saltsman's economics are no better than his legislative research. The old Economics 101 textbook theory he recites – that a higher minimum wage will necessarily reduce employment – was not supported by empirical research. As a 1995 paper in the *Journal of Economics Literature* put it, "There is a long history of empirical studies attempting to pin down the effects of minimum wages, with limited success." No one found significant employment losses when President Truman raised the minimum wage by 87% in 1950. When Congress raised the minimum wage by 28% in two steps in 1967, businesses predicted large employment losses and price increases. As the *Wall Street Journal* reported six months later, "Employment and prices show little effect from \$1.40-an-hour guarantee." Empirical studies even before Card and Krueger's landmark New Jersey study found no increase in the unemployment rate for teens and young adults from a 10% rise in the minimum wage, while it was clear that higher wages were bringing housewives into the workforce.

Saltsman wants readers to believe that economists have discredited Card and Krueger's finding that a 19% increase in New Jersey's minimum wage did not cause job loss. He's just wrong. Nobel laureate Paul Krugman says the study "has stood up very well to repeated challenges, and new cases confirming its results keep coming in." And even the most ardent conservative critics could not claim that the New Jersey increase caused statistically significant job loss. Furthermore, a groundbreaking peer-reviewed 2008 paper (that Saltsman chooses to ignore), "Minimum wage effects across state borders: Estimates using contiguous counties," generalizes the landmark Card and Krueger study to all contiguous county-pairs in the US that straddle a border, finding no adverse employment effects of increases in the minimum wage.

University of California, Berkeley (and former Economic Policy Institute) economist Sylvia Allegretto wants policy advocates to know about recent economics research about the minimum wage because it is so clear and convincing. Allegretto and colleagues Michael Reich and Arindrajit Dube carefully studied data on teen employment from 1990 to 2009 and found "that minimum wage increases—in the range that have been implemented in the United States—do not reduce employment among teens." Previous studies to the contrary used flawed statistical controls and "do not provide a credible guide for public policy."

The fact that more than 550 economists signed a statement calling for an increase in the minimum wage in 2007 cannot be dismissed because they were not all "labor economists." No one claimed they were, and it's irrelevant: agricultural economists and macroeconomists understand, just as labor economists do, that when reality doesn't fit a model, it's the model that has to change.

Saltsman has a loose regard for facts, but the fact is that economists no longer unthinkingly accept a nineteenth-century model that doesn't fit the data, which show that modest minimum wage increases of the kind we have enacted in the past do not cause job loss.

See related work on **Wages Incomes and Wealth**

See more work by **Ross Eisenbrey**

NCSL MINIMUM WAGE SURVEY OF STATES

The table below reflects state minimum wages in effect for 2014, as well as future increases.

Summary:

- As of March 31, 38 states considered minimum wage bills during the 2014 session; 34 states are considering increases to the state minimum wage.
- Connecticut, Delaware, West Virginia and D.C. have enacted increases so far in 2014.
- As of Jan. 1, 2014, 21 states and D.C. have minimum wages above the federal minimum wage.
- 19 states, GU, PR and VI have minimum wages the same as the federal minimum wage of \$7.25.
- 4 states and AS have minimum wages below the federal minimum wage (the federal minimum thus applies).
- 1 state, New Hampshire, repealed their state minimum wage in 2011, but left the reference to the federal minimum wage.
- 5 states have not established a state minimum wage.
-

State	State Minimum Wage	Future Scheduled Increases	State Wage Tied to Federal Minimum Wage *	Indexed Automatic Adjustments
Alabama	none			
Alaska	\$7.75			
American Samoa	varies ¹			
Arizona	\$7.90			Since 2006, rate is increased annually based upon a cost of living formula.
Arkansas	\$6.25			
California	\$8.00	\$9.00 eff 7-1-14 \$10.00 eff 1-1-16		
Colorado	\$8.00			Since 2006, rate is increased annually based upon a cost of living formula.
Connecticut	\$8.70	\$9.15 eff 1-1-15 \$9.60 eff 1-1-16 \$10.10 eff 1-1-17	yes ²	
Delaware	\$7.25	\$7.75 eff June 1,	yes	

		2014 \$8.25 eff June 1, 2015		
D.C.	\$8.25	\$9.50 eff. 7-1-14 \$10.50 eff. 7-1-15 \$11.50 eff. 7-1-16	yes ³	Annual indexed increases will take effect July 1, 2017
Florida	\$7.93			Since 2006, rate is increased annually based upon a cost of living formula.
Georgia	\$5.15			
Guam	\$7.25			
Hawaii	\$7.25			
Idaho	\$7.25			
Illinois	\$8.25			
Indiana	\$7.25		yes	
Iowa	\$7.25		yes	
Kansas	\$7.25			
Kentucky	\$7.25		yes	
Louisiana	none			
Maine	\$7.50		yes ⁴	
Maryland	\$7.25		yes	
Massachusetts	\$8.00		yes ⁵	
Michigan	\$7.40			
Minnesota	\$6.15/\$5.25 ⁶			
Mississippi	none			
Missouri	\$7.50 ⁷			Minimum wage is to be increased or decreased by a cost of living factor starting January 1, 2008 and every January 1 thereafter.
Montana	\$7.90/\$4.00 ⁸			Beginning in 2006, the minimum wage is subject to a cost of living

				adjustment tied to the Consumer Price Index, done by September 30 of each year and effective on January 1 of the following year.
Nebraska	\$7.25			
Nevada	\$8.25/\$7.25 ⁹			Beginning in 2007, future adjustments subject to increases in the federal minimum wage and consumer price index. Increases take effect each July 1.
New Hampshire	repealed by HB 133 (2011)		yes	
New Jersey	\$8.25			Starting in 2014, the minimum wage will be automatically adjusted each September and increases implemented each January, based on inflation as determined by the Consumer Price Index.
New Mexico	\$7.50			
New York	\$8.00	\$8.75 eff. 12-31-14 \$9.00 eff. 12-31-15	yes	
North Carolina	\$7.25			
North Dakota	\$7.25			
Ohio	\$7.95/\$7.25 ¹⁰			Beginning in 2006, the minimum wage will be automatically adjusted each September and increases implemented each January, based on inflation as determined by the Consumer Price Index.
Oklahoma	\$7.25/\$2.00 ¹¹			
Oregon	\$9.10			Beginning January 1, 2004, and annually thereafter, the rate will be adjusted for inflation by a calculation using the U.S. City Average Consumer Price Index for All Urban Consumers for All Items.

				The wage amount established will be rounded to the nearest five cents.
Pennsylvania	\$7.25			
Puerto Rico	\$7.25/varies ¹²			
Rhode Island	\$8.00			
South Carolina	none			
South Dakota	\$7.25			
Tennessee	none			
Texas	\$7.25			
Utah	\$7.25			
Vermont	\$8.73		yes	Beginning January 1, 2007, and on each subsequent January 1, the minimum wage rate shall be increased by five percent or the percentage increase of the Consumer Price Index, or city average, not seasonally adjusted.
Virgin Islands	\$7.25/\$4.30 ¹³			
Virginia	\$7.25			
Washington	\$9.32			Beginning January 1, 2001, and annually thereafter, the rate will be adjusted for inflation by a calculation using the consumer price index for urban wage earners and clerical workers for the prior year.
West Virginia	\$7.25	\$8.00 eff 1-1-15 \$8.75 eff 1-1-16	yes	
Wisconsin	\$7.25			
Wyoming	\$5.15			

Sources: U.S. Dept. of Labor, <http://www.dol.gov/esa/minwage/america.htm>; and state web sites.

Notes:

* Federal By Reference - State does not establish a dollar amount for its own minimum wage but adopts federal minimum wage by reference. When the federal minimum wage is raised, therefore the state minimum wage is raised as well.

¹ American Samoa: The Fair Minimum Wage Act of 2007 (Public Law 110-28) sets minimum wage rates within American Samoa and provides for additional increases in the minimum wage of \$0.50 per hour each year on May 25, until reaching the minimum wage generally applicable in the United States. The wage rates are set for particular industries, not for an employee's particular occupation. The rates are minimum rates; an employer may choose to pay an employee at a rate higher than the rate(s) for its industry.

² Connecticut: The Connecticut minimum wage rate automatically increases to 1/2 of 1 percent above the rate set in the Fair Labor Standards Act if the Federal minimum wage rate equals or becomes higher than the State minimum.

³ District of Columbia: In the District of Columbia, the rate is automatically set at \$1 above the Federal minimum wage rate if the District of Columbia rate is lower.

⁴ The Maine minimum wage is automatically replaced with the Federal minimum wage rate if it is higher than the State minimum with the exception that any such increase is limited to no more than \$1.00 per hour above the current legislated State rate.

⁵ The Massachusetts minimum wage rate automatically increases to 10 cents above the rate set in the Fair Labor Standards Act if the Federal minimum wage equals or becomes higher than the State minimum.

⁶ Minnesota: \$6.15 applies to employers with an annual sales volume of more than \$625,000. \$5.25 applies to employers with annual sales of \$625,000 or less.

⁷ Missouri - In addition to the exemption for federally covered employment, the law exempts, among others, employees of a retail or service business with gross annual sales or business done of less than \$500,000.

⁸ Montana: the \$4.00 rate applies to businesses with gross annual sales of \$110,000 or less; \$7.90 applies to all others.

⁹ Nevada: \$8.25 without health benefits; \$7.25 with health benefits.

¹⁰ Ohio: \$7.25 for employers grossing \$283,000 or less

¹¹ Oklahoma: Employers of ten or more full time employees at any one location and employers with annual gross sales over \$100,000 irrespective of number of full time employees are subject to federal minimum wage; all others are subject to state minimum wage of \$2.00.

¹² Puerto Rico: Employers covered by the Federal Fair Labor Standards Act (FLSA) are subject to the Federal minimum wage and all applicable regulations. Employers not covered by the FLSA will be subject to a minimum wage that is at least 70 percent of the Federal minimum wage or the applicable mandatory decree rate, whichever is higher. The Secretary of Labor and Human Resources may authorize a rate based on a lower percentage for any employer who can show that implementation of the 70 percent rate would substantially curtail employment in that business. Puerto Rico has minimum wage rates that vary by industry, ranging from a minimum of \$4.25 to \$7.25 per hour.

¹³ Virgin Islands: \$4.30 for businesses with gross annual receipts of less than \$150,000.

Other Exceptions:

- Missouri, Oklahoma, Texas, Puerto Rico, Utah, and Virginia exclude from coverage any employment that is subject to the Federal Fair Labor Standards Act.
- Hawaii, Kansas, and Michigan exclude from coverage any employment that is subject to the Federal Fair Labor Standards Act, if the State wage is higher than the Federal wage.
- Georgia excludes from coverage any employment that is subject to the Federal Fair Labor Standards Act when the Federal rate is greater than the State rate.

NCSL Contact: [Jeanne Meieur](#)

Tom Wright

From: Zenger, Michelle M (DOL) <michelle.zenger@alaska.gov>
Sent: Monday, April 14, 2014 3:52 PM
To: Tom Wright
Cc: Blumer, Dianne K (DOL); Robinson, Dan C (DOL)
Subject: minimum wage jobs

Hello Tom,

Our research and analysis group indicates less than one percent, meaning less than 3000 jobs in Alaska are paid at minimum wage. I hope that is helpful, please give a shout if there are follow up questions or if we can be of other assistance.~mz

Michelle Zenger

Special Assistant/Legislative Liaison

Office of the Commissioner
Department of Labor and Workforce Development
1111 West 8th Street, Juneau, Alaska 99811

907-723-2809 cell

907-465-4531 office

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: HB 384
Fiscal Note Number: 1
(H) Publish Date: 4/9/14

Identifier: HB384-DOLWD-WHA-04-05-14
Title: ALASKA MINIMUM WAGE
Sponsor: RLS
Requester: HL&C

Department: Department of Labor and Workforce Development
Appropriation: Labor Standards and Safety
Allocation: Wage and Hour Administration
OMB Component Number: 345

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2015 Appropriation Requested	Included in Governor's FY2015 Request	Out-Year Cost Estimates					
			FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues								
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Estimated SUPPLEMENTAL (FY2014) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2015) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Not applicable, initial version.

Prepared By:	Grey Mitchell	Phone:	(907)465-4842
Division:	Labor Standards and Safety	Date:	04/04/2014 03:00 PM
Approved By:	Dianne Blumer, Commissioner	Date:	04/05/14
Agency:	Office of the Commissioner		

FISCAL NOTE ANALYSIS #1

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. HB 384

Analysis

The bill amends AS 23.10.065 raising the minimum hourly rate to:

\$8.75 between January 1, 2015 and December 31, 2015

\$9.75 between January 1, 2016 and December 31, 2017

Thereafter adjusted annually for inflation and if any year, the adjusted for inflation rate is less than \$1 more than federal minimum wage, Alaska's minimum wage will be adjusted to be \$1 more than federal minimum wage.

The inflation adjustment shall be calculated by the Commissioner of Labor & Workforce Development by September 30, annually. The adjustment should be equal to the percentage increase in the Anchorage Consumer Price Index as determined by the Bureau of Labor Statistics.

There will be a de minimus cost associated with updating communication materials that notify employers and employees of legal requirements including the minimum wage that will be absorbed by the department.