



Alaska State Legislature

Senate Majority Web: www.akrepublicans.org

Sponsor: LABOR & COMMERCE

Current Version: SB 131

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Fact Sheet for: Senate Bill 131

Short Title: WAGE & HOUR ACT: EXEC/PROF/ADMIN/SALES

Summary:

- Clarifies the definitions of "executive capacity," "administrative capacity," and "professional capacity" as defined in Administrative Code when determining overtime wages under the Wage and Hour Act.
- Replaces the "long test," also known as the "80/20" test, with more understandable definitions.
- Clarifies "exempt" and "non-exempt" work when determining payment of overtime.
- Deletes the definition and provision for "supervisory capacity," which is incorporated into the definitions of "professional" and "executive" capacities.

Benefits:

- Replaces confusing definitions with straightforward language that provides clarity for both employers and employees.
- Leads to greater compliance with the Wage and Hour Act.
- Eliminates ambiguity, which in turn reduces the number of frivolous lawsuits.
- Aligns Alaska statutes more closely with overtime laws in other states.

Background:

- AS 23.10.055 exempts individuals employed in a "bona fide executive, administrative or professional" capacity from provisions for overtime compensation. Current administrative code definitions of "executive capacity," "administrative capacity," and "professional capacity" are difficult to interpret and rely on what is known as the "long test," which includes a calculation of time spent on "non-exempt" work. The calculation, also known as the 80/20 test has led to numerous wage and hour lawsuits. The Alaska Administrative Code regulations that defined these terms were enacted in 1978 and were similar to the federal exemptions in the Fair Labor Standards Act.