

# ALASKA STATE LEGISLATURE

Representative Pete Kott, Chair  
Representative Brian Porter  
Representative Vic Kohring  
Representative Carl Morgan  
Representative Lesil McGuire  
Representative Ethan Berkowitz  
Representative Reggie Joule



Alaska State Capitol  
Juneau, AK 99801-1182  
Telephone: (907) 465-3777  
Fax: (907) 465-2819

## House of Representatives Rules Committee

# Sponsor Statement for HB 504

Since statehood, when the Alaska Wage & Hour Act was adopted, it was commonly understood that some Alaskan businesses, such as fisheries, operate under unique circumstances. In response, for authorized occupations that customarily furnish board & lodging, The Act includes a mechanism for some flexibility in terms of the minimum wage.

[AS 23.10.085](#) (c) provides that “the regulations may permit deductions by an employer from the minimum wage to employees for the reasonable cost as determined on an occupation basis, of furnishing board or lodging if board or lodging is customarily furnished by the employer & used by the employee.”

Because of a conventionally modest minimum wage, the fishery business had no reason to assert the statutory option laid out in AS 23.10.085. As a matter of course, fisheries businesses pay their workers at, or slightly above the minimum wage for their regular 8-hour day, plus ample overtime paid at time and a half. In addition to their earnings, fishery workers are customarily furnished room and board for the term of their employment.

For the past 40 years, that arrangement worked quite well for both the fishery employer and employee. Today, the minimum wage is poised to increase by 26.5% with annual adjustments for the cost of living and Alaska’s beleaguered fisheries industry faces unprecedented financial disaster on all fronts. As a consequence, this industry must now rely on the Wage & Hour Act and its enabling Regulations and claim that limited exemption from the anticipated minimum wage of \$7.15.

The Wage and Hour Act authorizes deductions by an employer from the minimum wage payable to employees for the reasonable cost for furnishing board or lodging that is customarily provided. The enabling Regulations allow wages below the minimum wage, based upon a written agreement at the time of hire, for the reasonable cost (without profit to the employer) of furnishing board and lodging. However, the Regulations, as written, do not allow the wage deduction for board and lodging unless there are alternative public accommodations available to the employees.

For example, the Regulations allow for a cannery to pay less than the minimum wage in communities with alternate public housing but neglect the truly remote work sites. While Ketchikan has alternate public housing, Egegik may not. In order to insure that the fisheries business can rely on the intent of the Wage & Hour Act, the Regulations need to be cleaned up and compiled into a new section of the statute.

[HB 504](#) codifies the language from 8 AAC 15.160 (d) to provide

- the fishery employer and employee to contract the hourly wage
- a minimum wage deduction for the reasonable cost board and lodging for fishery businesses that customarily provide those accommodations to their employees.

Note: This is a limited exemption but not an exclusion from the minimum wage requirement.

The employee is covered by all other protections of the Wage and Hour Act, such as overtime, record keeping, collective bargaining.