

# ALASKA STATE SENATE

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**Senator Ralph Seekins**  
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## **Senate Bill 105 Sponsor Statement**

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**“An Act relating to the retrospective application and applicability of the overtime compensation exemption for flight crew members.”**

Senate Bill 105 clarifies legislative intent by retroactively removing flight crews from the scope of statutory overtime compensation required under the Alaska Wage and Hour Act found in AS 23.10.060. Retroactivity will apply to work performed on or after January 1, 2000.

The challenges facing the air carrier industry nationwide are extraordinary. Heightened security requirements have necessitated ever larger investments in human and technological resources. Operating expenses continue to escalate as the price of fuel increases. These cost burdens place enormous pressures on already thin margins. The air carrier industry in our state is no different in this respect. Yet the role it plays in our daily lives is arguably much greater.

The Alaska air carrier industry represents a vital link, in fact a bond, between rural communities and hub cities. It provides a lifeline to healthcare facilities. It delivers the groceries and the mail. And it transports the basketball teams and the elders to important events across the state. But now, in addition to the burdens placed on the industry since 2001, we can add the cost of superfluous litigation which threatens the viability of many of our local carriers.

Up until 2003, it had been the Department of Labor’s (DOL) uncodified policy that in-state air carriers are exempt from the Alaska Wage and Hour Act’s (AWHA) overtime provisions. This policy was rooted in a 1980 Alaska Attorney General opinion. This opinion cited both the federal Railway Labor Act and the U.S. Constitution’s Commerce Clause as preempting flight crews from overtime compensation provided through the AWHA.

However, in 2000 uncertainty crept into the DOL’s policy as a result of a lawsuit which sought overtime compensation for pilots. By 2003, three class action suits were outstanding representing millions of dollars in claims against Alaska air carriers. Consequently, state lawmakers took action to avoid what could be devastating losses to a critical yet fragile industry.

The 23<sup>rd</sup> Legislature passed into law a bill (SB 54) that codified what, up to that point, had been DOL policy exempting flight crews from the AWHA overtime compensation rules. While the bill did accomplish this important purpose, it failed to fully enact the legislative intent necessary to deflect court actions seeking recovery for periods dating back to the year 2000.

Senate Bill 105 seeks to fulfill the intent of the 23<sup>rd</sup> Legislature by implementing the provisions found in AS 23.10.060(d)(19) retroactively to January 1, 2000. This will help ensure the viability of our air carrier industry so that it may continue to perform its vital public function.