

Ballot Measure No. 1

An Act Increasing the Minimum Wage, Requiring Paid Sick Leave, and Prohibiting Mandatory Meetings about Religious or Political Issues

STATEMENT IN OPPOSITION

Small businesses in Alaska are still struggling since the 2020 covid pandemic and should Proposition 1 become law any progress made would deteriorate quickly. This trifecta of increased regulation and cost will impact the small business sector more than any other in the state.

- According to Small Business Administration data, Alaska small businesses employed 52.4% of the private workforce (Source: SUSB) and firms with fewer than twenty employees have the largest share of small business employment.
- A recent analysis by Economists Nicole V. Crain and W. Mark Crain found that the total cost of federal regulations alone on business in 2022 was \$3.079 trillion. The study found that the average U.S. company pays approximately \$13,000 per employee to comply with federal regulations and does not even include the cost of state regulations like those proposed in Proposition 1.
- Unlike big business, small business owners do not have dedicated employees who work on compliance, payroll, record keeping, etc. and often must manage these tasks themselves or outsource them at great cost.
- Proposal 1 will throw a wet blanket on the sector that provides more than half the jobs in the state and will result in job loss and higher prices for all Alaska citizens.

Raising the Minimum Wage: Small businesses are the least able to absorb increases in their labor costs. The minimum wage directly affects small businesses because much of their earnings goes directly to pay for operating expenses such as equipment, inventory, and employee wages and benefits. Workers suffer because mandatory wage increases deny more low-skilled workers the opportunity to get a job and receive “on the job” training.

Mandated Paid leave: This mandate will drive up costs for small employers who are already struggling with high inflation and labor shortages. One size fits all paid sick leave policies do not work in a small business. They must be able to plan for their employees’ absences to efficiently operate their businesses and they cannot afford to pay employees who are not working, especially if they need to pay a replacement worker while the employee is away from work.

Prohibit Employee Meetings: While labor interests claim they are protecting the constitutional rights of employees, Proposal 1 will impose a “gag order” on employers by violating an employers’ right to free speech protected by the First and Fourteenth Amendments. This proposal is in violation of the National Labor Relations Board standards that preempt state law and would open the door for employees to refuse to attend meetings or events that are necessary to perform their work responsibilities.

The bottom line is that proposal 1 will drive small business to the bottom in terms of increased costs and regulations, and it will drive employment in Alaska to the bottom as more small businesses will be forced to cut or eliminate jobs to absorb these costs.

John Thor Stacey, State Director
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