

Senate File 460 - Reprinted

SENATE FILE 460
BY COMMITTEE ON LABOR AND
BUSINESS RELATIONS

(SUCCESSOR TO SSB 1004)

(As Amended and Passed by the Senate March 17, 2015)

A BILL FOR

1 An Act permitting the voluntary receipt by employees of payment
2 of wages by debit card or pay card and making penalties and
3 remedies applicable.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 91A.3, subsection 3, Code 2015, is
2 amended to read as follows:

3 3. *a.* The wages paid under subsection 1 shall be paid using
4 a method authorized by this section.

5 *b.* Wages due may be paid at the employee's normal place of
6 employment during normal employment hours or at a place and
7 hour mutually agreed upon by the employer and employee,~~or the~~
8 ~~employee may elect to have the wages sent for direct deposit,
9 ~~on or by the regular payday of the employee, into a financial~~
10 ~~institution designated by the employee.~~~~

11 *c.* Upon written request by the employee, wages due may be
12 sent to the employee by mail. The employer shall maintain a
13 copy of the request for as long as it is effective and for at
14 least two years thereafter.

15 *d.* The employee may elect to have wages due sent for
16 direct deposit, on or by the regular payday of the employee,
17 into a financial institution designated by the employee. An
18 employee hired on or after July 1, 2005, may be required, as
19 a condition of employment, to participate in direct deposit
20 of the employee's wages in a financial institution of the
21 employee's choice unless any of the following conditions exist:

22 (1) The costs to the employee of establishing and
23 maintaining an account for purposes of the direct deposit would
24 effectively reduce the employee's wages to a level below the
25 minimum wage provided under section 91D.1.

26 (2) The employee would incur fees charged to the employee's
27 account as a result of the direct deposit.

28 (3) The provisions of a collective bargaining agreement
29 mutually agreed upon by the employer and the employee
30 organization prohibit the employer from requiring an employee
31 to sign up for direct deposit as a condition of hire.

32 *e.* (1) An employer may offer payment of wages by debit
33 card or pay card pursuant to this section only if all of the
34 following requirements are met:

35 (a) The employee voluntarily agrees in writing to payment

1 by debit card or pay card after the employer offers to pay the
2 employee's wages by debit card or pay card and notifies the
3 employee in writing that receipt of payment by debit card or
4 pay card is voluntary on the employee's part and listing the
5 other method or methods of payment offered by the employer.

6 (b) The employee has the option of withdrawing all wages
7 due once per pay period, but not more frequently than once per
8 week, without incurring any charge, if such withdrawal of wages
9 is conducted at a financial institution's office location. For
10 purposes of this subparagraph division, "financial institution"
11 means the same as defined in section 537.1301.

12 (2) The employer shall retain copies of the employee's
13 written consent and the notice of charges for the period for
14 which the consent is effective and for at least two years
15 thereafter.

16 (3) The employer shall substitute another payment method
17 in accordance with this section no later than two pay periods
18 after receiving a request from an employee for termination of
19 payment by debit card or pay card.

20 ~~b.~~ f. If the employer fails to pay an employee's wages on
21 or by the regular payday in accordance with this subsection,
22 the employer is liable for the amount of any overdraft charge
23 if the overdraft is created on the employee's account because
24 of the employer's failure to pay the wages on or by the regular
25 payday. The overdraft charges may be the basis for a claim
26 under section 91A.10 and for damages under section 91A.8.

27 Sec. 2. Section 91A.6, subsection 4, Code 2015, is amended
28 to read as follows:

29 4. On each regular payday, the employer shall send to
30 each employee by mail or shall provide at the employee's
31 normal place of employment during normal employment hours a
32 statement showing the beginning and ending dates of the pay
33 period to which the statement applies, the hours the employee
34 worked, the wages earned by the employee, and deductions made
35 for the employee. However, the employer need not provide

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1 information on hours worked for employees who are exempt
2 from overtime under the federal Fair Labor Standards Act,
3 as defined in 29 C.F.R. pt. 541, unless the employer has
4 established a policy or practice of paying to or on behalf
5 of exempt employees overtime, a bonus, or a payment based on
6 hours worked, whereupon the employer shall send or otherwise
7 provide a statement to the exempt employees showing the hours
8 the employee worked or the payments made to the employee
9 by the employer, as applicable. An employer who provides
10 each employee access to view an electronic statement of
11 the employee's earnings and provides the employee free and
12 unrestricted access to a printer to print the employee's
13 statement of earnings, if the employee chooses, is in
14 compliance with this subsection.