

**96.14 Priority — refunds.**

1. *Interest.* Any employer who fails to pay any contribution and fails to pay the contribution at the time required by [this chapter](#) and the rules of the department, shall pay to the department in addition to the contribution, interest on the contribution at the rate of one percent per month and one-thirtieth of one percent for each day or fraction thereof computed from the date upon which the contribution should have been paid.

2. *Penalties.* Any employer who shall fail to file a report of wages paid to each of the employer’s employees for any period in the manner and within the time required by [this chapter](#) and the rules of the department or any employer who the department finds has filed an insufficient report and fails to file a sufficient report within thirty days after a written request from the department to do so shall pay a penalty to the department.

a. The penalty shall become effective with the first day the report is delinquent or, where a report is insufficient, with the thirty-first day following the written request for a sufficient report.

b. The penalty for failing to file a sufficient report shall be in addition to any penalty incurred for a delinquent report where the delinquent report is also insufficient.

c. The amount of the penalty for delinquent and insufficient reports shall be computed based on total wages in the period for which the report was due and shall be computed as follows:

Days Delinquent or Insufficient	Penalty Rate
1 – 60	0.1%
61 – 120	0.2%
121 – 180	0.3%
181 – 240	0.4%
241 or over	0.5%

d. A penalty shall not be less than thirty-five dollars for each delinquent or insufficient report. Interest, penalties, and cost shall be collected by the department in the same manner as provided by [this chapter](#) for contributions.

e. If the department finds that any employer has willfully failed to pay any contribution or part thereof when required by [this chapter](#) and the rules of the department, with intent to defraud the department, then such employer shall in addition to such contribution or part thereof, pay a contribution equal to fifty percent of the amount of such contribution or part thereof, as the case may be.

f. If any tendered payment of any amount due in the form of a check, draft, or money order is not honored when presented to a financial institution, any costs assessed to the department by the financial institution and a fee of thirty dollars shall be assessed to the employer.

g. The department may cancel any interest or penalties if it is shown to the satisfaction of the department that the failure to pay a required contribution or to file a required report was not the result of negligence, fraud, or intentional disregard of the law or the rules of the department.

**3. Lien of contributions — collection.**

a. Whenever any employer liable to pay contributions refuses or neglects to pay the same, the amount, including any interest, together with the costs that may accrue in addition thereto, shall be a lien in favor of the state upon all property and rights to property, whether real or personal, belonging to said employer. An assessment of the unpaid contributions, interest and penalty shall be applied as provided in [section 96.7, subsection 3](#), paragraphs “a” and “b”, and the lien shall attach as of the date the assessment is mailed or personally served upon the employer and shall continue for ten years, or until the liability for the amount is satisfied, unless sooner released or otherwise discharged. The lien may, within ten years from the date the lien attaches, be extended for up to an additional ten years by filing a notice during the ninth year with the appropriate county official of any county. However, the department may release any lien, when after diligent investigation and effort it determines that the amount due is not collectible.

b. In order to preserve the lien attached to any property situated in a county under paragraph “a” against subsequent mortgagees, purchasers, or judgment creditors for value and without notice of the lien, the department shall file with the recorder of the county in which the property is located, a notice of the lien.

c. The county recorder of each county shall prepare and keep in the recorder’s office an index containing the applicable entries specified in [sections 558.49](#) and [558.52](#) and showing the following data, under the names of employers, arranged alphabetically:

- (1) The name of the employer.
- (2) The name “State of Iowa” as claimant.
- (3) Time notice of lien was filed for recording.
- (4) Date of notice.
- (5) Amount of lien then due.
- (6) When satisfied.

d. The recorder shall endorse on each notice of lien the day, hour, and minute when filed for recording and the document reference number, shall index the notice in the index, and shall record the lien in the manner provided for recording real estate mortgages. The lien is effective from the time of the indexing of the lien.

e. The department shall pay recording fees as provided in [section 331.604](#), for the recording of the lien, or for its satisfaction.

f. Upon the payment of contributions as to which the department has filed notice with a county recorder, the department shall forthwith file with said recorder a satisfaction of said contributions and the recorder shall enter said satisfaction on the notice on file in the recorder’s office and indicate said fact on the index aforesaid.

g. The department shall, substantially as provided in [this chapter](#) and [chapter 626](#), proceed to collect all contributions as soon as practicable after they become delinquent, except that no property of the employer is exempt from payment of the contributions.

h. If, after due notice, any employer defaults in any payment of contributions or interest thereon, the amount due may be collected by civil action in the name of the department and the employer adjudged in default shall pay the costs of such action. Civil actions brought under [this section](#) to collect contributions or interest thereon from an employer shall be heard by the court at the earliest possible date and shall be entitled to preference upon the calendar of the court over all other civil actions except petitions for judicial review under [this chapter](#) and cases arising under the workers’ compensation law of this state.

i. It is expressly provided that the remedies of the state under [this section](#) shall be cumulative and that no action taken by the department shall be construed to be an election on the part of the state or any of its officers to pursue any remedy under [this section](#) to the exclusion of any other remedy provided by law.

j. The courts of this state shall recognize and enforce liabilities for unemployment contributions, penalties, interest, and benefit overpayments imposed by other states which extend a like comity to this state. The department may sue in the courts of any other jurisdiction which extends such comity to collect unemployment contributions, penalties, interest, and benefit overpayments due this state. The officials of other states which, by statute or otherwise, extend a like comity to this state may sue in the district court to collect for such contributions, penalties, interest, and benefit overpayments. In any such case the director, as agent for and on behalf of any other state, may institute and conduct such suit for such other state. Venue of such proceedings shall be the same as for actions to collect delinquent contributions, penalties, interest, and benefit overpayments due under [this chapter](#). A certificate by the secretary of any such state attesting the authority of such official to collect the contributions, penalties, interest, and benefit overpayments is conclusive evidence of such authority. The requesting state shall pay the court costs.

k. If a political subdivision or a political subdivision instrumentality becomes delinquent in the payment of contributions, any payments owed as a government employer, penalty, interest, and costs for more than two calendar quarters, the amount of such delinquency shall be deducted from any further moneys due the employer by the state. Such deduction shall be made by the director of the department of administrative services upon certification of the amount due. A copy of the certification will be mailed to the employer.

l. If an amount due from a governmental entity of this state remains due and unpaid for a period of one hundred twenty days after the due date, the director shall take action as necessary to collect the amount and shall levy against any funds due the governmental entity from the state treasurer, director of the department of administrative services, or any other official or agency of this state, or against an account established by the entity in any bank. The official, agency, or bank shall deduct the amount certified by the director from any accounts or deposits or any funds due the delinquent governmental entity without regard to any prior claim and shall promptly forward the amount to the director for the fund. However, the director shall notify the delinquent entity of the director's intent to file a levy by certified mail at least ten days prior to filing the levy on any funds due the entity from any state official or agency.

4. *Priorities under legal dissolutions or distributions.* In the event of any distribution of an employer's assets pursuant to an order of any court under the laws of this state, including any receivership, assignment for benefit of creditors, adjudicated insolvency, composition, or similar proceeding, contributions then or thereafter due shall be paid in full prior to all other claims except taxes and claims for wages preferred as provided by statute. In the event of an employer's adjudication in bankruptcy, judicially confirmed extension proposal, or composition, under the federal Bankruptcy Act of 1898, as amended, contributions then or thereafter due shall be entitled to such priority as is provided in section 64 "a" of that Act, 11 U.S.C. §507.

5. *Refunds, compromises, and settlements.* If the department finds that an employer has paid contributions, interest on contributions, or penalties, which have been erroneously paid or if the employer has overpaid contributions because the employer's contribution rate was subsequently reduced pursuant to [section 96.7, subsection 2](#), paragraph "e", solely due to benefits initially charged against but later removed from an employer's account, and the employer has filed an application for refund, the department shall refund the erroneous payment or overpayment. Refunds so made shall be charged to the fund to which the collections have been credited, and shall be paid to the employer without interest. A claim for refund shall be made within three years from the date of payment. For like cause, refunds, compromises, and settlements may be made by the department on its own initiative within three years of the date of the payment or assessment. If the department finds that the contribution that has been assessed against an employer is of doubtful collectibility or may not be collected in full, the department may institute a proceeding in the district court in the county in which the employer against which the tax is levied is located, requesting authority to compromise the contribution. Notice of the filing of an application shall be given to the interested parties as the court may prescribe. The court upon hearing may authorize the department to compromise and settle its claim for the contribution and shall fix the amount to be received by the department in full settlement of the claim and shall authorize the release of the department's lien for the contribution.

6. *Nonresident employing units.* Any employing unit which is a nonresident of the state of Iowa and for which services are performed in insured work within the state of Iowa and any resident employer for which such services are performed and who thereafter leaves the state of Iowa by having such services performed within the state of Iowa shall be deemed:

a. To agree that such employing unit shall be subject to the jurisdiction of the district court of the state of Iowa over all civil actions and proceedings against such employing unit for all purposes of [this chapter](#), and

b. To appoint the secretary of state of this state as its lawful attorney upon whom may be served all original notices of suit and other legal processes pertaining to such actions and proceedings, and

c. To agree that any original notice of suit or any other legal process so served upon such nonresident employing unit shall be of the same legal force and validity as if personally served on it in this state.

7. *Original notice — form.* The original notice of suit filed with the secretary of state shall be in form and substance the same as now provided in suits against residents of this state, except that the part of the notice pertaining to the return day shall be in substantially the following form:

And unless you appear and defend in the district court of Iowa in and for ..... county at the courthouse in ....., Iowa, before noon of the sixtieth day following the filing of this notice with the secretary of state of this state, you will be adjudged in default, your default entered of record, and judgment rendered against you for the relief sought in plaintiff’s petition.

8. *Manner of service.* Plaintiff in any such action shall cause the original notice of suit to be served by doing all of the following:

a. Filing a copy of the original notice of suit with the secretary of state, together with a fee of four dollars.

b. Mailing to the defendant, and to each of the defendants if more than one, within ten days after filing the notice with the secretary of state, by restricted certified mail addressed to the defendant at the defendant’s last known residence or place of abode, a notification of the filing with the secretary of state.

9. *Notification to nonresident — form.* The notification, provided for in subsection 7, shall be in substantially the following form:

To ..... (Here insert the name of each defendant and the defendant’s residence or last known place of abode as definitely as known.)

You will take notice that an original notice of suit against you, a copy of which is hereto attached, was duly served upon you at Des Moines, Iowa, by filing a copy of said notice on the ..... day of ..... (month), ..... (year), with the secretary of state of the state of Iowa.

Dated at ....., Iowa, this ..... day of ..... (month), ..... (year).

.....

Plaintiff.

By .....

Attorney for Plaintiff.

10. *Optional notification.* In lieu of mailing said notification to the defendant in a foreign state, plaintiff may cause said notification to be personally served in the foreign state on the defendant by any adult person not a party to the suit, by delivering said notification to the defendant or by offering to make such delivery in case defendant refuses to accept delivery.

11. *Proof of service.* Proof of the filing of a copy of said original notice of suit with the secretary of state, and proof of the mailing or personal delivery of said notification to said nonresident shall be made by affidavit of the party doing said acts. All affidavits of service shall be endorsed upon or attached to the originals of the papers to which they relate. All proofs of service, including the restricted certified mail return receipt, shall be forthwith filed with the clerk of the district court.

12. *Actual service within this state.* The foregoing provisions relative to service of original notice of suit on nonresidents shall not be deemed to prevent actual personal service in this state upon the nonresident in the time, manner, form, and under the conditions provided for service on residents.

13. *Venue of actions.* Actions against nonresidents as contemplated by this law may be brought in Polk county or in the county in which such services were performed.

14. *Continuances.* The court in which such action is pending shall grant such continuances to a nonresident defendant as may be necessary to afford the defendant reasonable opportunity to defend said action.

15. *Duty of secretary of state.* The secretary of state shall keep a record of all notices of suit filed with the secretary, shall not permit said filed notices to be taken from the secretary’s office except on an order of court, and shall, on request, and without fee, furnish any defendant with a certified copy of the notice in which the person is a defendant.

16. *Injunction upon nonpayment.* Any employer or employing unit refusing or failing to make and file required reports or records, or to pay any contributions, interest, or penalty

under the provisions of [this chapter](#), after ten days' written notice sent by the department to the employer's or employing unit's last known address by certified mail, may be enjoined from operating any business in the state while in violation of [this chapter](#) upon the complaint of the department in the district court of a county in which the employer or employing unit has or had a place of business within the state, and any temporary injunction enjoining the continuance of such business may be granted without notice and without a bond being required from the department. Such injunction may enjoin any employer or employing unit from operating a business unit until the delinquent contributions, interest, or penalties shall have been made and filed or paid; or the employer shall have furnished a good and sufficient bond conditioned upon the payment of such delinquencies in such an amount and containing such terms as may be determined by the court; or the employer has entered into a plan for the liquidation of the business to pay for such delinquencies as the court may approve, provided that such injunction may be reinstated upon the employer's failure to comply with the terms of said plan.

17. *Employer subpoena cost and penalty.* An employer who is served with a subpoena pursuant to [section 96.11, subsection 7](#), for the investigation of an employer liability issue, to complete audits, to secure reports, or to assess contributions shall pay all costs associated with the subpoena, including service fees and court costs. The department shall penalize an employer in the amount of two hundred fifty dollars if that employer refused to honor a subpoena or negligently failed to honor a subpoena. The cost of the subpoena and any penalty shall be collected in the manner provided in [subsection 3 of this section](#).

[C39, §1551.20; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, S81, §96.14; 81 Acts, ch 21, §3, ch 117, §1205]

84 Acts, ch 1255, §8; 87 Acts, ch 115, §12; 90 Acts, ch 1168, §11; 91 Acts, ch 45, §11; 91 Acts, ch 191, §1; 94 Acts, ch 1116, §1; 96 Acts, ch 1121, §8; 96 Acts, ch 1186, §23; 2000 Acts, ch 1058, §56; 2001 Acts, ch 44, §3; 2003 Acts, ch 145, §286; 2007 Acts, ch 22, §28; 2008 Acts, ch 1032, §180; 2008 Acts, ch 1170, §2 - 5; 2009 Acts, ch 27, §2; 2015 Acts, ch 30, §35; 2016 Acts, ch 1011, §23; 2020 Acts, ch 1087, §1; 2021 Acts, ch 76, §24; 2022 Acts, ch 1021, §35, 36; 2022 Acts, ch 1032, §26 - 29

Referred to in §96.1A, 96.7(2)(e), 96.7(3)(a), 96.7(8)(b), 96.9, 96.13, 96.16, 331.602, 331.607

Subsection 1 amended

Subsection 3, paragraphs b, i, and j amended

Subsections 8, 9, and 13 amended