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**SF 270** – Wage Theft (LSB1278SV)

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Fiscal Note Version – New

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**Description**

**Senate File 270** relates to employers and individuals that perform labor and wage payment collection.

Code section **91A.5** is amended to provide that the employer has the burden to establish that a deduction from employees' wages is lawful and that the employer must obtain written authorization for the deduction from the employee in advance.

The Bill amends Code section **91A.9** to require the Labor Commissioner to employ wage investigators for the enforcement of Code chapter 91A, and to establish a statewide, toll-free telephone hotline for the purpose of receiving reports of violations of Code chapter 91A.

The Bill creates new Code section 91A.12A to provide penalty exemptions for employers that erroneously violate the provisions of Code chapter 91A or the rules adopted pursuant to Code chapter 91A, if certain conditions are met. The first condition is that the Labor Commissioner determines that the violation was erroneous and that the employer attempted in good faith to comply with the provisions of Code chapter 91A and the rules adopted pursuant to Code chapter 91A. The second condition is that the Labor Commissioner, after considering any history of violations by the employer, determines that the violation was isolated in nature. The third condition is that the employer corrects the violation to the satisfaction of the Labor Commissioner within 14 days of the occurrence of the violation.

The Bill requires the Labor Commissioner to provide notification to each employer in Iowa of the requirements for employers in the Bill by September 1, 2015.

The Bill takes effect January 1, 2016.

**Assumptions**

- Mailings will be made to approximately 77,000 employers.
- Resolving erroneous violation objections and additional case work generated from the toll free number will require the addition of three field auditors and one secretary.

**Fiscal Impact**

**Senate File 270** will increase General Fund revenue, due to the collection of civil penalties, by an estimated \$5,000 during FY 2016 and \$15,000 during FY 2017.

**Senate File 270** will increase General Fund expenses for the Iowa Department of Workforce Development (IWD) by an estimated \$232,000 in FY 2016 and \$290,000 in FY 2017 and subsequent years. The table on the following page provides the expenditure detail.

**Estimated General Fund  
Revenue and Expenditures**

	<u>FY 2016</u>	<u>FY 2017</u>
<b>Revenue</b>		
General Fund Revenue	\$ 5,000	\$ 15,000
<b>Total Revenue</b>	<u>\$ 5,000</u>	<u>\$ 15,000</u>
<b>Expenses</b>		
Salaries	\$ 126,000	\$ 258,000
Support	55,000	30,000
Mailing	50,000	-
Toll Free Number	1,000	2,000
<b>Total Expenses</b>	<u>\$ 232,000</u>	<u>\$ 290,000</u>
<b>Net Revenue/Expenses</b>	<u><b>\$ (227,000)</b></u>	<u><b>\$ (275,000)</b></u>

**Sources**

Iowa Department of Workforce Development  
 Department of Administrative Services  
 Board of Regents  
 Iowa Association of School Boards

/s/ Holly M. Lyons

February 24, 2015

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The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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