

FEB 23 2006
Place On Calendar

HOUSE FILE 2508
BY COMMITTEE ON COMMERCE,
REGULATION AND LABOR

(SUCCESSOR HSB 612)

Passed House, Date 3-16-06 Passed Senate, Date 3-29-06
Vote: Ayes 93 Nays 1 Vote: Ayes 48 Nays 0
Re-passed Approved April 21, 2006 *Re-passed*
4-10-06 98-1 4-12-06 49-0

A BILL FOR

1 An Act relating to direct deposit of wages and creating an
2 exception to the payday information employers are required to
3 provide each employee under the Iowa wage payment collection
4 law and providing for retroactive applicability.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF
2508

1 Section 1. Section 91A.3, subsection 3, unnumbered
2 paragraph 1, Code Supplement 2005, is amended to read as
3 follows:

4 The wages paid under subsection 1 shall be sent to the
5 employee by mail or 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. ~~An employer-shall-not~~
11 ~~require-a-current-employee-to-participate-in-direct-deposit-~~
12 ~~The-employer~~ employee hired on or after July 1, 2005, may
13 ~~require~~ be required, as a condition of hire employment, ~~a-new~~
14 ~~employee-to-sign-up-for~~ to participate in direct deposit of
15 the employee's wages in a financial institution of the
16 employee's choice unless any of the following conditions
17 exist:

18 Sec. 2. Section 91A.6, subsection 4, Code Supplement 2005,
19 is amended to read as follows:

20 4. On each regular payday, the employer shall send to each
21 employee by mail or shall provide at the employee's normal
22 place of employment during normal employment hours a statement
23 showing the hours the employee worked, the wages earned by the
24 employee, and deductions made for the employee. However, the
25 employer need not provide information on hours worked for
26 employees who are exempt from overtime under the federal Fair
27 Labor Standards Act, as defined in 29 C.F.R. pt. 541, unless
28 the employer has established a policy or practice of paying to
29 or on behalf of exempt employees overtime, a bonus, or a
30 payment based on hours worked, whereupon the employer shall
31 send or otherwise provide a statement to the exempt employees
32 showing the hours the employee worked or the payments made to
33 the employee by the employer, as applicable. An employer who
34 provides each employee access to view an electronic statement
35 of the employee's earnings and provides the employee free and

1 unrestricted access to a printer to print the employee's
2 statement of earnings, if the employee chooses, is in
3 compliance with this subsection.

4 Sec. 3. RETROACTIVE APPLICABILITY. The section of this
5 Act which amends section 91A.3, subsection 3, unnumbered
6 paragraph 1, is retroactively applicable to July 1, 2005, for
7 employees hired on or after that date.

8 EXPLANATION

9 This bill provides a limited exception to the statement
10 relating to hours worked, wages, and deductions each employer
11 is required to either send to or provide to an employee or
12 otherwise provide on each regular payday. The bill also
13 provides that an employee hired on or after July 1, 2005, may
14 be required to participate in direct deposit of their wages in
15 a financial institution as a condition of employment.

16 An employer need not, under the bill, provide information
17 on hours worked to exempt employees unless the employer has
18 established a policy or practice of paying to or on behalf of
19 these employees overtime, a bonus, or a payment based on hours
20 worked. If the employer has established such a policy or
21 practice, the employer must send or otherwise provide to the
22 employee a statement showing the hours worked by the employee
23 or the payments made to the employee, as applicable.

24 The section of the bill requiring participation in direct
25 deposit by new hires is retroactively applicable to July 1,
26 2005, for employees hired on or after that date.

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HOUSE FILE 2508

H-8494

1 Amend the Senate amendment, H-8426, to House File
2 2508, as passed by the House, as follows:
3 1. Page 1, lines 13 and 14, by striking the words
4 "direct deposit" and inserting the following: "send".

By HORBACH of Tama

H-8494 FILED APRIL 4, 2006

**SENATE AMENDMENT TO
HOUSE FILE 2508**

H-8426

1 Amend House File 2508, as passed by the House, as
2 follows:
3 1. Page 1, by inserting after line 17 the
4 following:
5 "Sec. ____ . Section 91A.3, subsection 3, Code
6 Supplement 2005, is amended by adding the following
7 new unnumbered paragraph after paragraph c:
8 NEW UNNUMBERED PARAGRAPH. If the employer fails to
9 send an employee's wages for direct deposit on or by
10 the regular payday in accordance with this subsection,
11 the employer is liable for the amount of any overdraft
12 charge if the overdraft is created on the employee's
13 account because of the employer's failure to direct
14 deposit the wages on or by the regular payday."
15 2. By renumbering as necessary.

RECEIVED FROM THE SENATE

H-8426 FILED MARCH 29, 2006

HOUSE FILE 2508

S-5132

1 Amend House File 2508, as passed by the House, as
2 follows:
3 1. Page 1, by inserting after line 17 the
4 following:
5 "Sec. ____ . Section 91A.3, subsection.3, Code
6 Supplement 2005, is amended by adding the following
7 new unnumbered paragraph after paragraph c:
8 NEW UNNUMBERED PARAGRAPH. If the employer fails to
9 send an employee's wages for direct deposit on or by
10 the regular payday in accordance with this subsection,
11 the employer is liable for the amount of any overdraft
12 charge if the overdraft is created on the employee's
13 account because of the employer's failure to direct
14 deposit the wages on or by the regular payday."
15 2. By renumbering as necessary.

By WILLIAM A. DOTZLER

S-5132 FILED MARCH 28, 2006

HORBACH, CH
FREEMAN
T. TAYLOR

HSB 612
COMMERCE, REGULATION & LABOR
SENATE/HOUSE FILE SF 02508 ^{By}
BY (PROPOSED DEPARTMENT OF
WORKFORCE DEVELOPMENT
BILL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act providing an exception to the payday information employers
2 are required to provide each employee under the Iowa wage
3 payment collection law.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 91A.6, subsection 4, Code Supplement
2 2005, is amended to read as follows:

3 4. On each regular payday, the employer shall send to each
4 employee by mail or shall provide at the employee's normal
5 place of employment during normal employment hours a statement
6 showing the hours the employee worked, the wages earned by the
7 employee, and deductions made for the employee. However, the
8 employer need not provide information on hours worked for
9 employees who are exempt from overtime under the federal Fair
10 Labor Standards Act, as defined in 29 C.F.R. pt. 541, unless
11 the employer has established a policy or practice of paying
12 exempt employees overtime, a bonus, or a payment based on
13 hours worked, whereupon the employer shall send or otherwise
14 provide a statement to the exempt employees showing the hours
15 the employee worked or the payments made to the employee by
16 the employer, as applicable. An employer who provides each
17 employee access to view an electronic statement of the
18 employee's earnings and provides the employee free and
19 unrestricted access to a printer to print the employee's
20 statement of earnings, if the employee chooses, is in
21 compliance with this subsection.

22 EXPLANATION

23 This bill provides a limited exception to the statement
24 relating to hours worked, wages, and deductions each employer
25 is required to either send to or provide to an employee or
26 otherwise provide on each regular payday. An employer need
27 not, under the bill, provide information on hours worked to
28 exempt employees unless the employer has established a policy
29 or practice of paying these employees overtime, a bonus, or a
30 payment based on hours worked. If the employer has
31 established such a policy or practice, the employer must send
32 or otherwise provide to the employee a statement showing the
33 hours worked by the employee or the payments made to the
34 employee, as applicable.

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HOUSE AMENDMENT TO SENATE AMENDMENT TO
HOUSE FILE 2508

S-5181

1 Amend the Senate amendment, H-8426, to House File
2 2508, as passed by the House, as follows:
3 1. Page 1, lines 13 and 14, by striking the words
4 "direct deposit" and inserting the following: "send".

RECEIVED FROM THE HOUSE

S-5181 FILED APRIL 10, 2006



Iowa Workforce Development

Thomas J. Vilsack, Governor

Sally J. Pederson, Lt. Governor

Richard V. Running, Director

MEMORANDUM

Putting Iowa
to Work®

Date: January 10, 2006

To: General Assembly

From: Jane S. Barto, Deputy Director
Iowa Workforce Development
515-281-5082

RE: LSB #5398DP - An Act providing an exception to the payday information employers are required to provide to each employee under the Iowa wage payment law

This bill makes a slight revision to the mandatory pay stub law enacted by the 2005 General Assembly requiring employers to provide all employees with a pay stub reflecting hours worked, wages paid, and deductions made. This bill would eliminate the hours worked information requirement for employees exempt from overtime, as determined under the federal overtime law, the Fair Labor Standards Act, unless the employer has a policy or practice of making payments to exempt employees based upon hours worked. In that instance, the employer must provide information on hours worked to the otherwise exempt employee via the regular pay stub. Iowa does not have a separate overtime law. Eligible employers must comply with the federal overtime law. Iowa wage law does require employers to pay all wages due under the employer's policies or past practices.

Since exempt employees generally are paid a guaranteed salary, and are not entitled to overtime under the applicable federal overtime law, information on hours worked is not relevant, so long as the employer has not established a policy or practice of making wage payments to exempt employees related to their actual hours worked. In that limited circumstance, this bill would require the employer to provide information on hours worked to the exempt employee.



HOUSE FILE 2508

AN ACT

RELATING TO DIRECT DEPOSIT OF WAGES AND CREATING AN EXCEPTION TO THE PAYDAY INFORMATION EMPLOYERS ARE REQUIRED TO PROVIDE EACH EMPLOYEE UNDER THE IOWA WAGE PAYMENT COLLECTION LAW AND PROVIDING FOR RETROACTIVE APPLICABILITY.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 91A.3, subsection 3, unnumbered paragraph 1, Code Supplement 2005, is amended to read as follows:

The wages paid under subsection 1 shall be sent to the employee by mail or be paid at the employee's normal place of employment during normal employment hours or at a place and hour mutually agreed upon by the employer and employee, or the employee may elect to have the wages sent for direct deposit, on or by the regular payday of the employee, into a financial institution designated by the employee. ~~An employer shall not require a current employee to participate in direct deposit.~~ The employer employee hired on or after July 1, 2005, may

~~require be required, as a condition of hire employment, a new employee to sign up for to participate in~~ direct deposit of the employee's wages in a financial institution of the employee's choice unless any of the following conditions exist:

Sec. 2. Section 91A.3, subsection 3, Code Supplement 2005, is amended by adding the following new unnumbered paragraph after paragraph c:

NEW UNNUMBERED PARAGRAPH. If the employer fails to send an employee's wages for direct deposit on or by the regular payday in accordance with this subsection, the employer is liable for the amount of any overdraft charge if the overdraft is created on the employee's account because of the employer's failure to send the wages on or by the regular payday.

Sec. 3. Section 91A.6, subsection 4, Code Supplement 2005, is amended to read as follows:

4. On each regular payday, the employer shall send to each employee by mail or shall provide at the employee's normal place of employment during normal employment hours a statement showing the hours the employee worked, the wages earned by the employee, and deductions made for the employee. However, the employer need not provide information on hours worked for employees who are exempt from overtime under the federal Fair Labor Standards Act, as defined in 29 C.F.R. pt. 541, unless the employer has established a policy or practice of paying to or on behalf of exempt employees overtime, a bonus, or a payment based on hours worked, whereupon the employer shall send or otherwise provide a statement to the exempt employees showing the hours the employee worked or the payments made to the employee by the employer, as applicable. An employer who provides each employee access to view an electronic statement of the employee's earnings and provides the employee free and unrestricted access to a printer to print the employee's statement of earnings, if the employee chooses, is in compliance with this subsection.

Sec. 4. RETROACTIVE APPLICABILITY. The section of this Act which amends section 91A.3, subsection 3, unnumbered paragraph 1, is retroactively applicable to July 1, 2005, for employees hired on or after that date.

CHRISTOPHER C. RANTS
Speaker of the House

JEFFREY M. LAMBERTI
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2508, Eighty-first General Assembly.

MARGARET THOMSON
Chief Clerk of the House

Approved _____, 2006

THOMAS J. VILSACK
Governor