

Senate File 2350 - Introduced

SENATE FILE 2350

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 3214)

A BILL FOR

1 An Act relating to payment of wages.

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

1 Section 1. Section 91A.3, subsection 3, Code 2014, 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) If the employer offers to pay wages by debit card or
33 pay card, the employee may elect to have wages due so paid if
34 all of the following conditions are met:

35 (a) The employee is provided written notice of all possible

1 charges for use of the debit card or pay card when payment
2 by debit card or pay card is offered to the employee, and
3 in advance of any change in the amount or frequency of such
4 charges.

5 (b) The employee voluntarily agrees in writing to payment by
6 debit card or pay card.

7 (c) The employee has the option of withdrawing all wages due
8 once per pay period without incurring any charge for use of the
9 debit card or pay card.

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

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

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

25 Sec. 2. Section 556.9, subsection 1, Code 2014, is amended
26 to read as follows:

27 1. All intangible personal property, not otherwise covered
28 by this chapter, including any income or increment earned on
29 the property and deducting any lawful charges, that is held
30 or owing in this state in the ordinary course of the holder's
31 business and has remained unclaimed by the owner for more
32 than three years after it became payable or distributable
33 is presumed abandoned. However, unpaid wages, regardless
34 of the medium of payment in which they are paid, including
35 wages represented by payroll checks or other compensation for

1 personal services owing in the ordinary course of the holder's
2 business, that remain unclaimed by the owner for more than
3 one year after becoming payable are presumed abandoned. For
4 purposes of this chapter, the employer of an employee to whom
5 unpaid wages are due shall be considered the holder of such
6 wages, regardless of whether the employer has engaged a service
7 provider to perform payroll services.

8 EXPLANATION

9 The inclusion of this explanation does not constitute agreement with
10 the explanation's substance by the members of the general assembly.

11 This bill permits employees to elect to have wages due
12 paid by debit card or pay card under Code chapter 91A, the
13 Iowa wage payment collection law, if an employer offers to do
14 so and if certain conditions are met. The employee must be
15 provided written notice of all possible charges for use of the
16 debit card or pay card when payment by debit card or pay card
17 is offered to the employee, and in advance of any change in
18 the amount or frequency of such charges. The employee must
19 voluntarily agree in writing to payment by debit card or pay
20 card. The employee must have the option of withdrawing all
21 wages due once per pay period without incurring any charge for
22 use of the debit card or pay card.

23 The bill requires an employer to retain copies of the
24 employee's written consent and the notice of charges for the
25 period for which the consent is effective and for at least two
26 years thereafter. The bill requires an employer to substitute
27 another payment method no later than two pay periods after
28 receiving a request for termination of payment by debit card
29 or pay card from an employee.

30 Under current Code chapter 556, relating to disposition
31 of unclaimed property, unpaid wages that remain unclaimed by
32 the owner for more than one year after becoming payable are
33 presumed abandoned. A holder of property presumed abandoned
34 is responsible for reporting such property to the treasurer
35 of state and for complying with other requirements under

1 Code chapter 556. The bill provides that this presumption
2 applies regardless of the medium of payment in which the wages
3 are paid. The bill also provides that, for the purposes of
4 Code chapter 556, the employer of an employee to whom unpaid
5 wages are due shall be considered the holder of such wages,
6 regardless of whether the employer has engaged a service
7 provider to perform payroll services.