

Senate Study Bill 3214 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON BOLKCOM)

A BILL FOR

1 An Act relating to payment of wages by debit card or pay card.
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) The employee may elect to have wages due paid by
33 debit card or pay card if all of the following conditions are
34 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 agrees in writing to payment by debit card
6 or pay card without coercion or fear of discharge or reprisal.

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

EXPLANATION

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

28 This bill permits employees to elect to have wages due paid
29 by debit card or pay card under Code chapter 91A, the Iowa
30 wage payment collection law, if certain conditions are met.
31 The employee must be provided written notice of all possible
32 charges for use of the debit card or pay card when payment
33 by debit card or pay card is offered to the employee, and
34 in advance of any change in the amount or frequency of such
35 charges. The employee must agree in writing to payment by

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1 debit card or pay card without coercion or fear of discharge
2 or reprisal. The employee must have the option of withdrawing
3 all wages due without incurring any charge for use of the debit
4 card or pay card.

5 The bill requires an employer to retain copies of the
6 employee's written consent and the notice of charges for the
7 period for which the consent is effective and for at least two
8 years thereafter. The bill requires an employer to substitute
9 another payment method no later than two pay periods after
10 receiving a request for termination of payment by debit card
11 or pay card from an employee.