

**House File 72 - Introduced**

HOUSE FILE 72

BY HUNTER, KELLEY, STAED,  
McCONKEY, HALL, HANSON,  
GASKILL, KEARNS,  
T. TAYLOR, SMITH, ANDERSON,  
ABDUL-SAMAD, MASCHER,  
WESSEL-KROESCHELL, OLDSON,  
PRICHARD, and STECKMAN

**A BILL FOR**

1 An Act increasing certain penalties for employers willfully  
2 misclassifying employees for unemployment compensation  
3 contribution purposes.

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

1 Section 1. Section 96.14, subsection 2, paragraph e, Code  
2 2015, is amended to read as follows:

3 e. (1) If the department finds that any employer has  
4 willfully failed to pay any contribution or part thereof when  
5 required by this chapter and the rules of the department,  
6 with intent to defraud the department, then such employer  
7 shall in addition to such contribution or part thereof, pay  
8 a contribution equal to fifty percent of the amount of such  
9 contribution or part thereof, as the case may be.

10 (2) If the department finds that such a failure to pay by an  
11 employer involves the misclassification of an employee's wages  
12 on a federal 1099 record, for any subsequent finding by the  
13 department of such a failure to pay by that employer involving  
14 the misclassification of an employee's wages on a federal 1099  
15 record, the additional contribution required by subparagraph  
16 (1) shall instead equal one hundred percent of the amount the  
17 employer failed to pay due to misclassification.

18 EXPLANATION

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

21 This bill provides that if the department of workforce  
22 development finds that an employer willfully failed to pay any  
23 contribution for state unemployment compensation with intent  
24 to defraud the department, and that the failure to pay by the  
25 employer involved the misclassification of an employee's wages  
26 on a federal 1099 record, for any subsequent finding by the  
27 department of such a failure to pay by that employer involving  
28 the misclassification of an employee's wages on a federal 1099  
29 record, the additional contribution penalty required by Code  
30 section 96.14(2)(e) shall equal 100 percent of the amount the  
31 employer failed to pay due to misclassification. Current law  
32 provides that such an additional contribution penalty equals 50  
33 percent of the amount the employer failed to pay.