

**Senate File 460 - Introduced**

SENATE FILE 460  
BY COMMITTEE ON LABOR AND  
BUSINESS RELATIONS

(SUCCESSOR TO SSB 1004)

**A BILL FOR**

1 An Act permitting the voluntary receipt by employees of payment  
2 of wages by debit card or pay card and making penalties and  
3 remedies applicable.

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

1 Section 1. Section 91A.3, subsection 3, Code 2015, 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) An employer may offer payment of wages by debit  
33 card or pay card pursuant to this section only if all of the  
34 following requirements are met:

35 (a) The employee voluntarily agrees in writing to payment

1 by debit card or pay card after the employer offers to pay the  
2 employee's wages by debit card or pay card and notifies the  
3 employee in writing that receipt of payment by debit card or  
4 pay card is voluntary on the employee's part and listing the  
5 other method or methods of payment offered by the employer.

6 (b) The employee has the option of withdrawing all wages  
7 due once per pay period, but not more frequently than once per  
8 week, without incurring any charge, if such withdrawal of wages  
9 is conducted at a financial institution's office location. For  
10 purposes of this subparagraph division, "financial institution"  
11 means the same as defined in section 537.1301.

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

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

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

27 Sec. 2. Section 91A.6, subsection 4, Code 2015, is amended  
28 to read as follows:

29 4. On each regular payday, the employer shall send to  
30 each employee by mail or shall provide at the employee's  
31 normal place of employment during normal employment hours a  
32 statement showing the beginning and ending dates of the pay  
33 period to which the statement applies, the hours the employee  
34 worked, the wages earned by the employee, and deductions made  
35 for the employee. However, the employer need not provide

1 information on hours worked for employees who are exempt  
2 from overtime under the federal Fair Labor Standards Act,  
3 as defined in 29 C.F.R. pt. 541, unless the employer has  
4 established a policy or practice of paying to or on behalf  
5 of exempt employees overtime, a bonus, or a payment based on  
6 hours worked, whereupon the employer shall send or otherwise  
7 provide a statement to the exempt employees showing the hours  
8 the employee worked or the payments made to the employee  
9 by the employer, as applicable. An employer who provides  
10 each employee access to view an electronic statement of  
11 the employee's earnings and provides the employee free and  
12 unrestricted access to a printer to print the employee's  
13 statement of earnings, if the employee chooses, is in  
14 compliance with this subsection.

15 Sec. 3. NEW SECTION. 91A.15 Unclaimed wages.

16 Wages that remain unclaimed by an employee for a period of  
17 one year after becoming payable shall be deemed abandoned as  
18 provided in section 556.9, subsection 1, regardless of the  
19 medium of payment in which they are paid or payable. Unclaimed  
20 wages shall be reported to the treasurer of state pursuant  
21 to section 556.9, subsection 1. The employer of an employee  
22 who abandons wages shall be considered the holder of such  
23 wages, regardless of whether the employer has engaged a service  
24 provider to perform payroll, debit card, or pay card services.  
25 For purposes of this section, "holder" means the same as defined  
26 in section 556.1.

27

EXPLANATION

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

30 This bill permits an employer to offer payment of wages by  
31 debit card or pay card under Code chapter 91A, the Iowa wage  
32 payment collection law, if certain requirements are met.

33 The employee must voluntarily agree in writing to payment  
34 by debit card or pay card after the employer offers to pay the  
35 employee's wages by debit card or pay card and notifies the

1 employee in writing that receipt of payment by debit card or  
2 pay card is voluntary on the employee's part and listing the  
3 other method or methods of payment offered by the employer.  
4 The employee must also have the option of withdrawing all wages  
5 due once per pay period, but not more frequently than once per  
6 week, without incurring any charge, if such withdrawal of wages  
7 is conducted at a financial institution's office location.

8 The bill requires an employer to retain copies of the  
9 employee's written consent and the notice of charges for the  
10 period for which the consent is effective and for at least two  
11 years thereafter.

12 The bill requires an employer to substitute another payment  
13 method in accordance with this Code section no later than two  
14 pay periods after receiving a request from an employee for  
15 termination of payment by debit card or pay card.

16 The bill provides that regular payday statements provided to  
17 employees by employers must include the beginning and ending  
18 dates of the pay period to which the statement applies.

19 The bill provides that wages that remain unclaimed by an  
20 employee for a period of one year after becoming payable  
21 shall be deemed abandoned as provided in Code chapter 556,  
22 relating to disposition of unclaimed property, regardless of  
23 the medium of payment in which they are paid or payable. The  
24 bill that requires unclaimed wages be reported to the treasurer  
25 of state as provided in Code chapter 556. The bill provides  
26 that the employer of an employee who abandons wages shall be  
27 considered the holder of such wages as defined in Code chapter  
28 556, regardless of whether the employer has engaged a service  
29 provider to perform payroll, debit card, or pay card services.

30 Under Code chapter 91A, unpaid wages or expenses, along with  
31 liquidated damages, court costs, and attorney fees, may be  
32 recovered by the employee or the labor commissioner by civil  
33 action. An employer who violates Code chapter 91A is also  
34 subject to a civil penalty of not more than \$500 per pay period  
35 for each violation.