

House File 732 - Introduced

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BY ANDREWS

A BILL FOR

1 An Act prohibiting employers from reviewing credit information
2 about employees.

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

1 Section 1. Section 84A.5, subsection 4, Code 2021, is
2 amended to read as follows:

3 4. The division of labor services is responsible for the
4 administration of the laws of this state under chapters 88,
5 88A, 88B, 89, 89A, 89B, 90A, 91, 91A, 91C, 91D, 91E, 91F, 92,
6 and 94A, and sections 73A.21 and 85.68. The executive head of
7 the division is the labor commissioner, appointed pursuant to
8 section 91.2.

9 Sec. 2. Section 91.4, subsection 2, Code 2021, is amended
10 to read as follows:

11 2. The director of the department of workforce development,
12 in consultation with the labor commissioner, shall, at the
13 time provided by law, make an annual report to the governor
14 setting forth in appropriate form the business and expense of
15 the division of labor services for the preceding year, the
16 number of remedial actions taken under chapter 89A, the number
17 of disputes or violations processed by the division and the
18 disposition of the disputes or violations, and other matters
19 pertaining to the division which are of public interest,
20 together with recommendations for change or amendment of the
21 laws in this chapter and chapters 88, 88A, 88B, 89, 89A, 89B,
22 90A, 91A, 91C, 91D, 91E, 91F, 92, and 94A, and section 85.68,
23 and the recommendations, if any, shall be transmitted by the
24 governor to the first general assembly in session after the
25 report is filed.

26 Sec. 3. NEW SECTION. 91F.1 Definitions.

27 1. "Commissioner" means the labor commissioner, appointed
28 pursuant to section 91.2, or the labor commissioner's designee.

29 2. "Consumer reporting agency" means any person that for
30 monetary fees, dues, or on a cooperative nonprofit basis
31 regularly engages in whole or in part in the practice of
32 assembling or evaluating consumer credit information or other
33 information on consumers for the purpose of furnishing consumer
34 reports to third parties.

35 3. "Credit report" means any written, oral, or other

1 communication of information by a consumer reporting agency
2 that relates to a consumer's creditworthiness, credit standing,
3 or credit capacity.

4 4. "Credit score" means a number or rating that is derived
5 from an algorithm, computer application, model, or other
6 process that is based in whole or in part on information from a
7 person's credit report.

8 5. "Employee" means a natural person who is employed in this
9 state for wages by an employer.

10 6. "Employer" means a person, as defined in chapter 4, who
11 in this state employs for wages a natural person.

12 Sec. 4. NEW SECTION. 91F.2 **Employer review of employee**
13 **credit information prohibited.**

14 Unless specifically required by state or federal law, an
15 employer shall not do any of the following:

16 1. View an employee or prospective employee's credit report
17 or credit score or a summary of an employee or prospective
18 employee's credit report or credit score.

19 2. Require or ask an employee or prospective employee
20 to provide the employer with the employee's or prospective
21 employee's credit report or credit score or to provide a
22 summary of the employee's or prospective employee's credit
23 report or credit score.

24 Sec. 5. NEW SECTION. 91F.3 **Powers and duties of the**
25 **commissioner.**

26 1. The commissioner may hold hearings and investigate
27 alleged violations of this chapter by an employer.

28 2. The commissioner may assess and recover civil penalties
29 in accordance with sections 91F.4 and 91F.5.

30 3. The commissioner shall adopt rules pursuant to chapter
31 17A to administer this chapter.

32 Sec. 6. NEW SECTION. 91F.4 **Civil penalties — amount.**

33 An employer who violates the provisions of this chapter
34 shall be subject to a penalty as follows:

35 1. For a first violation, the commissioner shall issue a

1 written warning to the employer that includes notice regarding
2 penalties for subsequent violations.

3 2. For a second violation, the commissioner may impose a
4 civil penalty of up to five hundred dollars.

5 3. For a third violation, the commissioner may impose a
6 civil penalty of up to one thousand five hundred dollars.

7 4. For subsequent violations, the commissioner may impose a
8 civil penalty of up to one thousand five hundred dollars.

9 Sec. 7. NEW SECTION. 91F.5 Civil penalties — recovery.

10 1. The commissioner may propose that an employer be assessed
11 a civil penalty as provided in section 91F.4 by serving the
12 employer with notice of such proposal in the same manner as an
13 original notice is served under the rules of civil procedure.
14 Upon service of such notice, the proposed assessment shall be
15 treated as a contested case under chapter 17A. However, an
16 employer must request a hearing within thirty days of being
17 served.

18 2. If an employer does not request a hearing pursuant
19 to subsection 1 or if the commissioner determines, after an
20 appropriate hearing, that an employer is in violation of this
21 chapter, the commissioner shall assess a civil penalty in
22 accordance with section 91F.4.

23 3. An employer may seek judicial review of any assessment
24 made under subsection 2 by instituting proceedings for judicial
25 review pursuant to chapter 17A. However, such proceedings must
26 be instituted in the district court of the county in which the
27 violation or one of the violations occurred and within thirty
28 days of the day on which the employer was notified that an
29 assessment has been made.

30 4. After the time for seeking judicial review has expired
31 or after all judicial review has been exhausted and the
32 commissioner's assessment has been upheld, the commissioner
33 shall request the attorney general to recover the assessed
34 penalties in a civil action.

35 5. Civil penalties recovered pursuant to this section shall

1 be remitted by the commissioner to the treasurer of state for
2 deposit in the general fund of the state.

3

EXPLANATION

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The inclusion of this explanation does not constitute agreement with

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the explanation's substance by the members of the general assembly.

6 This bill prohibits an employer from viewing an employee's
7 or prospective employee's credit report or credit score or
8 a summary of an employee's or prospective employee's credit
9 report or credit score. The bill also prohibits an employer
10 from requiring or asking an employee or prospective employee
11 to provide the employer with the employee's or prospective
12 employee's credit report or credit score or to provide a
13 summary of the employee's or prospective employee's credit
14 report or credit score. These prohibitions do not apply if
15 such actions are specifically required by state or federal law.

16 An employer that violates the provisions of the bill is
17 subject to civil penalties ranging from a written warning for
18 a first violation to up to \$1,500 for a fourth or subsequent
19 violation.

20 The labor commissioner may hold hearings and investigate
21 alleged violations of the bill by an employer, may assess and
22 recover civil penalties and seek attorney general assistance
23 in such recovery according to the procedural provisions of the
24 bill, and shall adopt rules to administer the bill.