

House File 538 - Introduced

HOUSE FILE 538

BY TUREK

A BILL FOR

1 An Act relating to employment of persons with disabilities.

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

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1 Section 1. NEW SECTION. **91D.2 Minimum wage — persons with**
2 **disabilities.**

3 1. On or after July 1, 2026, an employer shall not, pursuant
4 to 29 U.S.C. §214(c), pay an employee less than the minimum wage
5 provided in this chapter.

6 2. The department of inspections, appeals, and licensing
7 shall engage in outreach to make employers of persons with
8 disabilities in this state aware of the requirements of this
9 section.

10 3. Subsection 1 does not apply to a nonprofit organization
11 operating a sheltered workshop as otherwise provided by law.
12 For purposes of this subsection, "nonprofit organization" means
13 a nonprofit entity that is exempt from federal income taxation
14 pursuant to section 501(c)(3) of the Internal Revenue Code. This
15 subsection is repealed July 1, 2027.

16 Sec. 2. Section 216C.1, Code 2025, is amended by adding the
17 following new subsection:

18 NEW SUBSECTION. 3. To ensure full participation in the
19 social and economic life of this state by persons with
20 disabilities, it is declared to be the policy of the state
21 of Iowa that competitive and integrated employment shall be
22 considered the first and preferred option when serving persons
23 with disabilities who are of working age to obtain employment.
24 This policy applies to programs and services that provide
25 services and support to help obtain employment for persons with
26 disabilities. All state agencies shall follow this policy and
27 ensure that it is effectively implemented in their programs and
28 services. This subsection shall not be construed to require any
29 employer to give preference to hiring persons with disabilities.

30 Sec. 3. Section 216C.1A, Code 2025, is amended by adding the
31 following new subsections:

32 NEW SUBSECTION. 01. "Competitive employment" means work in
33 the competitive labor market that is performed on a full-time
34 or part-time basis in an integrated setting and for which an
35 individual is compensated at or above the minimum wage provided

1 in chapter 91D, but not less than the customary wage and level
2 of benefits paid by the employer for the same or similar work
3 performed by individuals who are not disabled.

4 NEW SUBSECTION. 1A. "Integrated setting" means, with respect
5 to an employment outcome, a setting typically found in the
6 community in which applicants or eligible individuals interact
7 with nondisabled individuals, other than nondisabled individuals
8 who are providing services to those applicants or eligible
9 individuals, to the same extent that nondisabled individuals in
10 comparable positions interact with other persons.

11 EXPLANATION

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

14 This bill provides that in order to ensure full participation
15 in the social and economic life of Iowa by persons with
16 disabilities, it is declared to be the policy of the state that
17 competitive and integrated employment shall be considered the
18 first and preferred option when serving persons with disabilities
19 who are of working age to obtain employment. The bill specifies
20 this policy applies to programs and services that provide
21 services and support to help obtain employment for persons with
22 disabilities. The bill directs all state agencies to follow
23 this policy and ensure that it is effectively implemented in
24 their programs and services. The bill shall not be construed to
25 require any employer to give preference to hiring persons with
26 disabilities.

27 The bill prohibits an employer from paying an employee less
28 than the minimum wage provided in Code chapter 91D pursuant to
29 29 U.S.C. §214(c) on or after July 1, 2026. 29 U.S.C. §214(c)
30 is a provision of the federal Fair Labor Standards Act that
31 authorizes persons with disabilities to be employed for less than
32 the federal minimum wage in certain circumstances. The bill
33 directs the department of inspections, appeals, and licensing to
34 engage in outreach to make employers of persons with disabilities
35 in Iowa aware of the prohibition.

1 The prohibition does not apply to a nonprofit organization
2 operating a sheltered workshop as otherwise provided by law.
3 This exception to the prohibition is repealed July 1, 2027.

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