

House File 673 - Introduced

HOUSE FILE 673

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A BILL FOR

1 An Act requiring certain weekly workers' compensation benefits to
2 be calculated by including an employee's overtime and premium
3 pay, and to include an annual cost-of-living adjustment.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 85.36, Code 2025, is amended to read as
2 follows:

3 **85.36 Basis of computation.**

4 1. The basis of compensation shall be the weekly earnings of
5 the injured employee at the time of the injury. Weekly earnings
6 means gross salary, wages, or earnings of an employee to which
7 such employee would have been entitled had the employee worked
8 the customary hours for the full pay period in which the employee
9 was injured, as regularly required by the employee's employer
10 for the work or employment for which the employee was employed,
11 computed or determined as follows and then rounded to the nearest
12 dollar:

13 ~~1.~~ a. In the case of an employee who is paid on a weekly pay
14 period basis, the weekly gross earnings.

15 ~~2.~~ b. In the case of an employee who is paid on a biweekly
16 pay period basis, one-half of the biweekly gross earnings.

17 ~~3.~~ c. In the case of an employee who is paid on a
18 semimonthly pay period basis, the semimonthly gross earnings
19 multiplied by twenty-four and subsequently divided by fifty-two.

20 ~~4.~~ d. In the case of an employee who is paid on a monthly
21 pay period basis, the monthly gross earnings multiplied by twelve
22 and subsequently divided by fifty-two.

23 ~~5.~~ e. In the case of an employee who is paid on a yearly pay
24 period basis, the weekly earnings shall be the yearly earnings
25 divided by fifty-two.

26 ~~6.~~ f. In the case of an employee who is paid on a daily
27 or hourly basis, or by the output of the employee, the weekly
28 earnings shall be computed by dividing by thirteen the earnings,
29 including but not limited to overtime, shift differential pay
30 ~~but not including overtime or, and premium pay~~, of the employee
31 earned in the employ of the employer in the last completed period
32 of thirteen consecutive calendar weeks immediately preceding the
33 injury. If the employee was absent from employment for reasons
34 personal to the employee during part of the thirteen calendar
35 weeks preceding the injury, the employee's weekly earnings shall

1 be the amount the employee would have earned had the employee
2 worked when work was available to other employees of the employer
3 in a similar occupation. A week ~~which~~ that does not fairly
4 reflect the employee's customary earnings shall be replaced by
5 the closest previous week with earnings that fairly represent the
6 employee's customary earnings.

7 ~~7.~~ g. In the case of an employee who has been in the employ
8 of the employer less than thirteen calendar weeks immediately
9 preceding the injury, the employee's weekly earnings shall be
10 computed under ~~subsection 6~~ paragraph "f", taking the earnings,
11 including but not limited to overtime, shift differential pay ~~but~~
12 ~~not including overtime or~~, and premium pay, for such purpose to
13 be the amount the employee would have earned had the employee
14 been so employed by the employer the full thirteen calendar weeks
15 immediately preceding the injury and had worked, when work was
16 available to other employees in a similar occupation. If the
17 earnings of other employees cannot be determined, the employee's
18 weekly earnings shall be the average computed for the number of
19 weeks the employee has been in the employ of the employer.

20 h. In the case of an employee injured in the course of
21 performing as a professional athlete, the basis of compensation
22 for weekly earnings shall be one-fiftieth of total earnings that
23 the employee has earned from all employment for the previous
24 twelve months prior to the injury.

25 ~~8.~~ 2. If at the time of the injury the hourly earnings
26 have not been fixed or cannot be ascertained, the earnings for
27 the purpose of calculating compensation shall be taken to be the
28 usual earnings for similar services ~~where~~ when such services are
29 rendered by paid employees.

30 ~~9.~~ 3. a. If an employee earns either no wages or less than
31 the usual weekly earnings of the regular full-time adult laborer
32 in the line of industry in which the employee is injured in that
33 locality, the weekly earnings shall be one-fiftieth of the total
34 earnings ~~which~~ that the employee has earned from all employment
35 during the twelve calendar months immediately preceding the

1 injury.

2 ~~a.~~ b. In computing the compensation to be allowed a
3 volunteer fire fighter, emergency medical care provider, reserve
4 peace officer, or volunteer ambulance driver, the earnings as
5 a fire fighter, emergency medical care provider, reserve peace
6 officer, or volunteer ambulance driver shall be disregarded and
7 the volunteer fire fighter, emergency medical care provider,
8 reserve peace officer, or volunteer ambulance driver shall be
9 paid an amount equal to the compensation the volunteer fire
10 fighter, emergency medical care provider, reserve peace officer,
11 or volunteer ambulance driver would be paid if injured in the
12 normal course of the volunteer fire fighter's, emergency medical
13 care provider's, reserve peace officer's, or volunteer ambulance
14 driver's regular employment or an amount equal to one hundred and
15 forty percent of the statewide average weekly wage, whichever is
16 greater.

17 ~~b.~~ c. If the employee was an apprentice or trainee when
18 injured, and it is established under normal conditions the
19 employee's earnings should be expected to increase during the
20 period of disability, that fact may be considered in computing
21 the employee's weekly earnings.

22 ~~c.~~ d. If the employee was an inmate as defined in section
23 85.59, the inmate's actual earnings shall be disregarded, and the
24 weekly compensation rate shall be as set forth in section 85.59.

25 ~~10.~~ 4. If a wage, or method of calculating a wage, is used
26 for the basis of the payment of a workers' compensation insurance
27 premium for a proprietor, partner, limited liability company
28 member, limited liability partner, or officer of a corporation,
29 the wage or the method of calculating the wage is determinative
30 for purposes of computing the proprietor's, partner's, limited
31 liability company member's, limited liability partner's, or
32 officer's weekly workers' compensation benefit rate.

33 ~~11.~~ 5. In computing the compensation to be allowed an
34 elected or appointed official, the official may choose either of
35 the following payment options:

1 a. The official shall be paid an amount of compensation based
2 on the official's weekly earnings as an elected or appointed
3 official.

4 b. The earnings of the official as an elected or appointed
5 official shall be disregarded and the official shall be paid
6 an amount equal to one hundred forty percent of the statewide
7 average weekly wage.

8 ~~12. In the case of an employee injured in the course of~~
9 ~~performing as a professional athlete, the basis of compensation~~
10 ~~for weekly earnings shall be one-fiftieth of total earnings which~~
11 ~~the employee has earned from all employment for the previous~~
12 ~~twelve months prior to the injury.~~

13 6. The basis of compensation for permanent total disability
14 benefits or death benefits shall increase on January 1 of
15 each year for compensation that becomes due that year by
16 a percentage equal to the cost-of-living adjustment made to
17 disability benefits payable by the United States social security
18 administration in December of the immediately preceding year.

19 Sec. 2. Section 85.61, subsection 4, Code 2025, is amended to
20 read as follows:

21 4. "Gross earnings" means recurring payments by the employer
22 to the employee for employment, before any authorized or lawfully
23 required deduction or withholding of funds by the employer,
24 excluding irregular bonuses, retroactive pay, overtime, penalty
25 pay, reimbursement of expenses, expense allowances, and the
26 employer's contribution for welfare benefits.

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 requires certain weekly workers' compensation
31 benefits to be calculated by including an employee's overtime and
32 premium pay, and to include an annual cost-of-living adjustment.

33 The bill requires the calculation of the amount of weekly
34 workers' compensation benefits to include, not exclude, an
35 employee's earnings for overtime and premium pay.

1 The bill requires the basis of compensation for weekly
2 workers' compensation benefits payable for permanent total
3 disability benefits or death benefits to increase on January
4 1 each year for compensation that becomes due that year, by
5 a percentage equal to the cost-of-living adjustment made to
6 disability benefits payable by the United States social security
7 administration in December of the immediately preceding year.

8 Technical corrections are also made to remove an unnumbered
9 paragraph and for purposes of clarity.

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