

FEB 23 2006  
Place On Calendar

HOUSE FILE 2507  
BY COMMITTEE ON COMMERCE,  
REGULATION AND LABOR

(SUCCESSOR TO HSB 608)

Passed House, Date 3-16-06 Passed Senate, Date 3-29-06  
Vote: Ayes 95 Nays 0 Vote: Ayes 48 Nays 0  
Approved April 6, 2006

A BILL FOR

1 An Act relating to priority of labor or wage claims over other  
2 debts when an employer's property is placed in receivership or  
3 otherwise seized by creditors.

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

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HF 2507

1 Section 1. Section 626.69, Code 2005, is amended to read  
2 as follows:

3 626.69 LABOR OR WAGE CLAIMS PREFERRED.

4 When the property of any company, corporation, firm, or  
5 person shall be seized upon by any process of any court, or  
6 placed in the hands of a receiver, trustee, or assignee, or  
7 ~~their property shall be~~ seized by the action of creditors, for  
8 the purpose of paying or securing the payment of the debts of  
9 such company, corporation, firm, or person, the debts, or  
10 wages as defined under section 91A.2, subsection 7, owing to  
11 all laborers or employees other than officers of such  
12 companies, for labor or work performed or services rendered  
13 within the-ninety-days-next six months preceding the seizure  
14 or transfer of such property, ~~to an amount not exceeding one~~  
15 ~~hundred dollars to each person,~~ shall be considered and  
16 treated as a preferred debt and paid in full, or if there is  
17 ~~not sufficient~~ are insufficient funds realized from such  
18 property to pay the same in full, then, after the payment of  
19 costs, ratably out of the ~~fund~~ funds remaining.

20 Sec. 2. Section 626.73, Code 2005, is amended to read as  
21 follows:

22 626.73 PRIORITY.

23 Claims of employees for labor or wages, if not contested,  
24 or if allowed after contest, shall have priority, unless  
25 otherwise stated in this chapter, over all claims against or  
26 liens upon such property, except prior mechanics' liens for  
27 labor in opening or developing coal mines as allowed by law.

28 Sec. 3. Section 680.7, subsection 3, Code 2005, is amended  
29 to read as follows:

30 3. Debts owing to employees for labor or work performed or  
31 services rendered as defined by provided in section 626.69.

32 Sec. 4. Section 680.8, Code 2005, is amended to read as  
33 follows:

34 680.8 NONAPPLICABILITY.

35 The provisions of section 680.7 shall not apply to the

1 receivership of state banks, as defined in section 524.105,  
2 trust companies, or private banks, and in the receivership of  
3 such state banks and trust companies, or private banks, no  
4 such preference or priority shall be allowed as is provided in  
5 ~~said~~ the section except for labor or wage claims as provided  
6 by statute.

7 EXPLANATION

8 This bill extends the preference given to labor claims when  
9 property is seized or placed under receivership to wage claims  
10 for work or services provided.

11 Currently, the Code places a priority on labor claims for  
12 labor performed within 90 days preceding the seizure or  
13 transfer of the property to an amount not exceeding \$100. In  
14 addition to extending the preference to wage claims, the bill  
15 extends the time period for labor or work performed or  
16 services rendered to within six months preceding the seizure  
17 or transfer of the property, and eliminates the \$100 maximum  
18 per person. The bill makes conforming changes to chapter 680  
19 regarding receivers.

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HORBACH, CH  
FREEMAN  
T. TAYLOR

HSB 608  
COMMERCE, REGULATION & LABOR  
SENATE/HOUSE FILE 02507  
BY (PROPOSED DEPARTMENT OF  
WORKFORCE DEVELOPMENT  
BILL)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

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9 such company, corporation, firm, or person, the debts, or  
10 wages as defined under section 91A.2, subsection 7, owing to  
11 all laborers or employees other than officers of such  
12 companies, for labor or work performed or services rendered  
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# Iowa Workforce Development

Thomas J. Vilsack, Governor

Sally J. Pederson, Lt. Governor

Richard V. Running, Director

Putting Iowa  
to Work®

## MEMORANDUM

Date: January 13, 2006

To: General Assembly

From: Jane S. Barto, Deputy Director  
Iowa Workforce Development  
(515) 281-5082

RE: LSB #DP 5400 - An act relating to the preference of employee's labor or wage claims when property is seized or placed in receivership.

Currently, Iowa law gives priority to labor claims for employee's labor performed within 90 days preceding the seizure or transfer of an employer's property into receivership to an amount not exceeding \$100 per claim. In addition to clarifying that this preference is for labor and wage claims, the bill extends the time period for labor or work performed or services rendered to within six months preceding the seizure or transfer of the property into receivership, and eliminate the \$100 maximum per claim or person. This bill make conforming changes to chapter 680 regarding receivers.



HOUSE FILE 2507

AN ACT

RELATING TO PRIORITY OF LABOR OR WAGE CLAIMS OVER OTHER DEBTS  
WHEN AN EMPLOYER'S PROPERTY IS PLACED IN RECEIVERSHIP OR  
OTHERWISE SEIZED BY CREDITORS.

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

Section 1. Section 626.69, Code 2005, is amended to read  
as follows:

626.69 LABOR OR WAGE CLAIMS PREFERRED.

When the property of any company, corporation, firm, or  
person shall be seized upon by any process of any court, or

placed in the hands of a receiver, trustee, or assignee, or ~~their property shall be~~ seized by the action of creditors, for the purpose of paying or securing the payment of the debts of such company, corporation, firm, or person, the debts, or wages as defined under section 91A.2, subsection 7, owing to all laborers or employees other than officers of such companies, for labor or work performed or services rendered within ~~the ninety days next~~ six months preceding the seizure or transfer of such property, ~~to an amount not exceeding one hundred dollars to each person,~~ shall be considered and treated as a preferred debt and paid in full, or if there ~~is not sufficient~~ are insufficient funds realized from such property to pay the same in full, then, after the payment of costs, ratably out of the fund funds remaining.

Sec. 2. Section 626.73, Code 2005, is amended to read as follows:

626.73 PRIORITY.

Claims of employees for labor or wages, if not contested, or if allowed after contest, shall have priority, unless otherwise stated in this chapter, over all claims against or liens upon such property, except prior mechanics' liens for labor in opening or developing coal mines as allowed by law.

Sec. 3. Section 680.7, subsection 3, Code 2005, is amended to read as follows:

3. Debts owing to employees for labor or work performed or services rendered as defined by provided in section 626.69.

Sec. 4. Section 680.8, Code 2005, is amended to read as follows:

680.8 NONAPPLICABILITY.

The provisions of section 680.7 shall not apply to the receivership of state banks, as defined in section 524.105, trust companies, or private banks, and in the receivership of such state banks and trust companies, or private banks, no such preference or priority shall be allowed as is provided in

said the section except for labor or wage claims as provided by statute.

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CHRISTOPHER C. RANTS  
Speaker of the House

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JEFFREY M. LAMBERTI  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2507, Eighty-first General Assembly.

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MARGARET THOMSON  
Chief Clerk of the House

Approved \_\_\_\_\_, 2006

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THOMAS J. VILSACK  
Governor