

House File 635 - Introduced

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BY BOHANNAN

A BILL FOR

1 An Act increasing certain penalties for employers willfully
2 misclassifying employees for unemployment compensation
3 contribution purposes.

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

1 Section 1. Section 96.14, subsection 2, paragraph e, Code
2 2021, is amended to read as follows:

3 e. (1) If the department finds that any employer has
4 willfully failed to pay any contribution or part thereof when
5 required by **this chapter** and the rules of the department,
6 with intent to defraud the department, then such employer
7 shall in addition to such contribution or part thereof, pay
8 a contribution equal to fifty percent of the amount of such
9 contribution or part thereof, as the case may be.

10 (2) If the department finds that such a failure to pay by an
11 employer involves the misclassification of an employee's wages
12 on a federal 1099 record, for any subsequent finding by the
13 department of such a failure to pay by that employer involving
14 the misclassification of an employee's wages on a federal 1099
15 record, the additional contribution required by subparagraph
16 (1) shall instead equal one hundred percent of the amount the
17 employer failed to pay due to misclassification.

18 EXPLANATION

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

21 This bill provides that if the department of workforce
22 development finds that an employer willfully failed to pay any
23 contribution for state unemployment compensation with intent
24 to defraud the department, and that the failure to pay by the
25 employer involved the misclassification of an employee's wages
26 on a federal 1099 record, for any subsequent finding by the
27 department of such a failure to pay by that employer involving
28 the misclassification of an employee's wages on a federal 1099
29 record, the additional contribution penalty required by Code
30 section 96.14(2)(e) shall equal 100 percent of the amount the
31 employer failed to pay due to misclassification. Current law
32 provides that such an additional contribution penalty equals 50
33 percent of the amount the employer failed to pay.