SENATE BILL No. 323

DIGEST OF INTRODUCED BILL

Citations Affected: IC 22-2.

Synopsis: Minimum wage and employment benefits. After December 31, 2022, increases the minimum wage paid to certain employees from \$7.25 per hour to \$12 per hour, then annually increases the minimum wage in \$1 increments to \$15 per hour through January 1, 2026. Repeals the prohibition of local units from establishing, mandating, or requiring: (1) a minimum wage that exceeds the state or federal minimum wage; and (2) certain employee benefits. Makes conforming amendments and a technical correction.

Effective: July 1, 2022.

Melton

January 11, 2022, read first time and referred to Committee on Pensions and Labor.



Second Regular Session of the 122nd General Assembly (2022)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in this style type, and deletions will appear in this style type.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or *this style type* reconciles conflicts between statutes enacted by the 2021 Regular Session of the General Assembly.

SENATE BILL No. 323

A BILL FOR AN ACT to amend the Indiana Code concerning labor and safety.

Be it enacted by the General Assembly of the State of Indiana:

1	SECTION 1. IC 22-2-2-3, AS AMENDED BY P.L.7-2019
2	SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3	JULY 1, 2022]: Sec. 3. As used in this chapter:
4	"Commissioner" means the commissioner of labor or the
5	commissioner's authorized representative.
6	"Department" means the department of labor.
7	"Occupation" means an industry, trade, business, or class of work
8	in which employees are gainfully employed.
9	"Employer" means any individual partnership association limited

"Employer" means any individual, partnership, association, limited liability company, corporation, business trust, the state, or other governmental agency or political subdivision during any work week in which they have two (2) or more employees. However, **except as provided in section 14 of this chapter**, it shall not include any employer who is subject to the minimum wage provisions of the federal Fair Labor Standards Act of 1938, as amended (29 U.S.C. 201-209). (29 U.S.C. 201 et. seq.).

"Employee" means any person employed or permitted to work or



10

11

12

13

14

15 16

1	perform any service for remuneration or under any contract of hire,
2	written or oral, express or implied by an employer in any occupation,
3	but shall not include any of the following:
4	(a) Persons less than sixteen (16) years of age.
5	(b) Persons engaged in an independently established trade,
6	occupation, profession, or business who, in performing the
7	services in question, are free from control or direction both under
8	a contract of service and in fact.
9	(c) Persons performing services not in the course of the
10	employing unit's trade or business.
11	(d) Persons employed on a commission basis.
12	(e) Persons employed by their own parent, spouse, or child.

- (e) Persons employed by their own parent, spouse, or child.
- (f) Members of any religious order performing any service for that order, any ordained, commissioned, or licensed minister, priest, rabbi, sexton, or Christian Science reader, and volunteers performing services for any religious or charitable organization.
- (g) Persons performing services as student nurses in the employ of a hospital or nurses training school while enrolled and regularly attending classes in a nurses training school chartered or approved under law, or students performing services in the employ of persons licensed as both funeral directors and embalmers as a part of their requirements for apprenticeship to secure an embalmer's license or a funeral director's license from the state, or during their attendance at any schools required by law for securing an embalmer's or funeral director's license.
- (h) Persons who have completed a four (4) year course in a medical school approved by law when employed as interns or resident physicians by any accredited hospital.
- (i) Students performing services for any school, college, or university in which they are enrolled and are regularly attending classes.
- (j) Persons with physical or mental disabilities performing services for nonprofit organizations organized primarily for the purpose of providing employment for persons with disabilities or for assisting in their therapy and rehabilitation.
- (k) Persons employed as insurance producers, insurance solicitors, and outside salesmen, if all their services are performed for remuneration solely by commission.
- (l) Persons performing services for any camping, recreational, or guidance facilities operated by a charitable, religious, or educational nonprofit organization.
- (m) Persons engaged in agricultural labor. The term shall include



1	only services performed:
2	(1) on a farm, in connection with cultivating the soil, or in
3	connection with raising or harvesting any agricultural or
4	horticultural commodity, including the raising, shearing,
5	feeding, caring for, training, and management of livestock,
6	bees, poultry, and furbearing animals and wildlife;
7	(2) in the employ of the owner or tenant or other operator of a
8	farm, in connection with the operation, management,
9	conservation, improvement, or maintenance of the farm and its
10	tools and equipment if the major part of the service is
11	performed on a farm;
12	(3) in connection with:
13	(A) the production or harvesting of maple sugar or maple
14	syrup or any commodity defined as an agricultural
15	commodity in the Agricultural Marketing Act, as amended
16	(12 U.S.C. 1141j);
17	(B) the raising or harvesting of mushrooms;
18	(C) the hatching of poultry; or
19	(D) the operation or maintenance of ditches, canals,
20	reservoirs, or waterways used exclusively for supplying and
21	
22	storing water for farming purposes; and
23	(4) in handling, planting, drying, packing, packaging,
	processing, freezing, grading, storing, or delivering to storage,
24	to market, or to a carrier for transportation to market, any
25	agricultural or horticultural commodity, but only if service is
26	performed as an incident to ordinary farming operation or, in
27	the case of fruits and vegetables, as an incident to the
28	preparation of fruits and vegetables for market. However, this
29	exception shall not apply to services performed in connection
30	with any agricultural or horticultural commodity after its
31	delivery to a terminal market or processor for preparation or
32	distribution for consumption.
33	As used in this subdivision, "farm" includes stock, dairy, poultry,
34	fruit, furbearing animals, and truck farms, nurseries, orchards, or
35	greenhouses or other similar structures used primarily for the
36	raising of agricultural or horticultural commodities.
37	(n) Those persons employed in executive, administrative, or
38	professional occupations who have the authority to employ or
39	discharge and who earn one hundred fifty dollars (\$150) or more
40	a week, and outside salesmen.
41	(o) Any person not employed for more than four (4) weeks in any
42	four (4) consecutive three (3) month periods.



1	(p) Any employee with respect to whom the Interstate Commerce
2	Commission has power to establish qualifications and maximum
3	hours of service under the federal Motor Carrier Act of 1935 (49
4	U.S.C. 304(3)) or any employee of a carrier subject to IC 8-2.1.
5	(q) A person engaged in services as a direct seller. The term shall
6	include only services performed:
7	(1) by a person that is in the trade or business of:
8	(A) selling, or soliciting the sale of, consumer products or
9	services to any buyer on a buy-sell basis,
10	deposit-commission basis, or similar basis, in any place
11	other than in a permanent retail establishment; or
12	(B) selling, or soliciting the sale of, consumer products or
13	services in any place other than in a permanent retail
14	establishment;
15	(2) when substantially all the remuneration, whether or not
16	paid in cash, for the performance of the services is directly
17	related to sales or other output, including the performance of
18	services, rather than the number of hours worked; and
19	(3) when the services performed by the person are performed
20	pursuant to a written contract and the contract provides that
21	the person who performs the services will not be treated as an
22	employee for tax purposes under the contract.
23	SECTION 2. IC 22-2-4, AS AMENDED BY P.L.147-2020,
24	SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
25	JULY 1, 2022]: Sec. 4. (a) No employer having employees subject to
26	any provisions of this section shall discriminate, within any
27	establishment in which employees are employed, between employees
28	on the basis of sex by paying to employees in such establishment a rate
29	less than the rate at which the employer pays wages to employees of the
30	opposite sex in such establishment for equal work on jobs the
31	performance of which requires equal skill, effort, and responsibility,
32	and which are performed under similar working conditions, except
33	where such payment is made pursuant to:
34	(1) a seniority system;
35	(2) a merit system;
36	(3) a system which measures earnings by quantity or quality of
37	production; or
38	(4) a differential based on any other factor other than sex.
39	(b) An employer who is paying a wage rate differential in violation

of subsection (a) shall not, in order to comply with subsection (a),

reduce the wage rate of any employee, and no labor organization, or its

agents, representing employees of an employer having employees



40

41

1	subject to subsection (a) shall cause or attempt to cause such an
2	employer to discriminate against an employee in violation of
3	subsection (a).
4	(c) Except as provided in subsection (d), (e), every employer
5	employing at least two (2) employees during a work week shall, in any
6	work week in which the employer is subject to this chapter, pay each
7	of the employees in any work week beginning on or after June 30,
8	2007, and before January 1, 2023, wages of not less than the
9	minimum wage payable under the federal Fair Labor Standards Act of
0	1938, as amended (29 U.S.C. 201 et seq.).
1	(d) Except as provided in subsection (e), every employer
2	employing at least two (2) employees during a work week shall, in
3	any work week in which the employer is subject to this chapter,
4	pay each of the employees the following in any work week:
5	(1) Beginning on or after January 1, 2023, and before January
6	1, 2024, wages of not less than twelve dollars (\$12) per hour.
7	(2) Beginning on or after January 1, 2024, and before January
8	1, 2025, wages of not less than thirteen dollars (\$13) per hour.
9	(3) Beginning on or after January 1, 2025, and before January
20	1, 2026, wages of not less than fourteen dollars (\$14) per hour.
21	(4) Beginning on or after January 1, 2026, wages of not less
.2	than fifteen dollars (\$15) per hour.
22 23 24	(d) (e) An employer subject to subsection (e) subsections (c) and
24	(d) (whichever is applicable) is permitted to apply a tip credit in
25	determining the amount of cash wage paid to tipped employees. In
26	determining the wage an employer is required to pay a tipped
27	employee, the amount paid the employee by the employee's employer
28	must be an amount equal to:
.9	(1) the cash wage paid the employee, which for purposes of the
0	determination may be not less than the cash wage required to be
1	paid to employees covered under the federal Fair Labor Standards
2	Act of 1938, as amended (29 U.S.C. 203(m)(1)) on August 20,
3	1996, which amount is two dollars and thirteen cents (\$2.13) an
4	hour; and
5	(2) an additional amount on account of the tips received by the
6	employee, which amount is equal to the difference between the
7	wage specified in subdivision (1) and the wage in effect under
8	subsection (c). subsections (c) and (d) (whichever is
9	applicable).
-0	An employer is responsible for supporting the amount of tip credit
-1	taken through reported tips by the employees.
_	

(e) (f) This section does not apply if an employee:



1	(1) provides companionship services to the aged and infirm (as
2 3	defined in 29 CFR 552.6); and
<i>3</i>	(2) is employed by an employer or agency other than the family
5	or household using the companionship services, as provided in 29
	CFR 552.109 (a).
6 7	(f) (g) Except as otherwise provided in this section, no employer
	shall employ any employee for a work week longer than forty (40)
8 9	hours unless the employee receives compensation for employment in
	excess of forty (40) hours at a rate not less than one and one-half (1.5)
10 11	times the regular rate at which the employee is employed.
12	(g) (h) For purposes of this section the following apply:
	(1) "Overtime compensation" means the compensation required
13	by subsection (f). (g).
14	(2) "Compensatory time" and "compensatory time off" mean
15 16	hours during which an employee is not working, which are not
	counted as hours worked during the applicable work week or
17	other work period for purposes of overtime compensation, and for
18	which the employee is compensated at the employee's regular
19	rate.
20	(3) "Regular rate" means the rate at which an employee is
21	employed is considered to include all remuneration for
22	employment paid to, or on behalf of, the employee, but is not
23	considered to include the following:
24	(A) Sums paid as gifts, payments in the nature of gifts made at
25	Christmas time or on other special occasions, as a reward for
26	service, the amounts of which are not measured by or
27	dependent on hours worked, production, or efficiency.
28	(B) Payments made for occasional periods when no work is
29	performed due to vacation, holiday, illness, failure of the
30	employer to provide sufficient work, or other similar cause,
31	reasonable payments for traveling expenses, or other expenses,
32	incurred by an employee in the furtherance of the employer's
33	interests and properly reimbursable by the employer, and other
34	similar payments to an employee which are not made as
35	compensation for the employee's hours of employment.
36	(C) Sums paid in recognition of services performed during a
37	given period if:
38	(i) both the fact that payment is to be made and the amount
39	of the payment are determined at the sole discretion of the
40	employer at or near the end of the period and not pursuant
41	to any prior contract, agreement, or promise causing the
42	employee to expect the payments regularly;



1	(ii) the payments are made pursuant to a bona fide profit
2	sharing plan or trust or bona fide thrift or savings plan,
3	meeting the requirements of the administrator set forth in
4	appropriately issued regulations, having due regard among
5	other relevant factors, to the extent to which the amounts
6	paid to the employee are determined without regard to hours
7	of work, production, or efficiency; or
8	(iii) the payments are talent fees paid to performers,
9	including announcers, on radio and television programs.
10	(D) Contributions irrevocably made by an employer to a
11	trustee or third person pursuant to a bona fide plan for
12	providing old age, retirement, life, accident, or health
13	insurance or similar benefits for employees.
14	(E) Extra compensation provided by a premium rate paid for
15	certain hours worked by the employee in any day or work
16	week because those hours are hours worked in excess of eight
17	(8) in a day or in excess of the maximum work week
18	applicable to the employee under subsection (f) (g) or in
19	excess of the employee's normal working hours or regular
20	working hours, as the case may be.
21	(F) Extra compensation provided by a premium rate paid for
22	work by the employee on Saturdays, Sundays, holidays, or
23	regular days of rest, or on the sixth or seventh day of the work
24	week, where the premium rate is not less than one and one-half
25	(1.5) times the rate established in good faith for like work
26	performed in nonovertime hours on other days.
27	(G) Extra compensation provided by a premium rate paid to
28	the employee, in pursuance of an applicable employment
29	contract or collective bargaining agreement, for work outside
30	of the hours established in good faith by the contract or
31	agreement as the basic, normal, or regular workday (not
32	exceeding eight (8) hours) or work week (not exceeding the
33	maximum work week applicable to the employee under
34	subsection (f) (g)) where the premium rate is not less than one
35	and one-half (1.5) times the rate established in good faith by
36	the contract or agreement for like work performed during the
37	workday or work week.
38	(h) (i) No employer shall be considered to have violated subsection
39	(f) (g) by employing any employee for a work week in excess of that
40	specified in subsection (f) (g) without paying the compensation for
41	overtime employment prescribed therein if the employee is so



employed:

(1) in pursuance of an agreement, made as a result of collective
bargaining by representatives of employees certified as bona fide
by the National Labor Relations Board, which provides that no
employee shall be employed more than one thousand forty (1,040)
hours during any period of twenty-six (26) consecutive weeks; or
(2) in pursuance of an agreement, made as a result of collective
bargaining by representatives of employees certified as bona fide
by the National Labor Relations Board, which provides that
during a specified period of fifty-two (52) consecutive weeks the
employee shall be employed not more than two thousand two
hundred forty (2,240) hours and shall be guaranteed not less than
one thousand eight hundred forty (1,840) hours (or not less than
forty-six (46) weeks at the normal number of hours worked per
week, but not less than thirty (30) hours per week) and not more
than two thousand eighty (2,080) hours of employment for which
the employee shall receive compensation for all hours guaranteed
or worked at rates not less than those applicable under the
agreement to the work performed and for all hours in excess of
the guaranty which are also in excess of the maximum work week
applicable to the employee under subsection (f) (g) or two
thousand eighty (2,080) in that period at rates not less than one
and one-half (1.5) times the regular rate at which the employee is
employed.

- (i) (j) No employer shall be considered to have violated subsection (f) (g) by employing any employee for a work week in excess of the maximum work week applicable to the employee under subsection (f) (g) if the employee is employed pursuant to a bona fide individual contract, or pursuant to an agreement made as a result of collective bargaining by representatives of employees, if the duties of the employee necessitate irregular hours of work, and the contract or agreement includes the following:
 - (1) Specifies a regular rate of pay of not less than the minimum hourly rate provided in subsections (c) and (d) through (e) (whichever is applicable) and compensation at not less than one and one-half (1.5) times that rate for all hours worked in excess of the maximum work week.
 - (2) Provides a weekly guaranty of pay for not more than sixty (60) hours based on the rates so specified.
- (j) (k) No employer shall be considered to have violated subsection (f) (g) by employing any employee for a work week in excess of the maximum work week applicable to the employee under that subsection if, pursuant to an agreement or understanding arrived at between the



employer and the employee before performance of the work, the
amount paid to the employee for the number of hours worked by the
employee in the work week in excess of the maximum work week
applicable to the employee under that subsection:
(1) in the case of an ampleyee ampleyed at misse mates is

- (1) in the case of an employee employed at piece rates, is computed at piece rates not less than one and one-half (1.5) times the bona fide piece rates applicable to the same work when performed during nonovertime hours;
- (2) in the case of an employee performing two (2) or more kinds of work for which different hourly or piece rates have been established, is computed at rates not less than one and one-half (1.5) times those bona fide rates applicable to the same work when performed during nonovertime hours; or
- (3) is computed at a rate not less than one and one-half (1.5) times the rate established by the agreement or understanding as the basic rate to be used in computing overtime compensation thereunder, provided that the rate so established shall be substantially equivalent to the average hourly earnings of the employee, exclusive of overtime premiums, in the particular work over a representative period of time;

and if the employee's average hourly earnings for the work week exclusive of payments described in this section are not less than the minimum hourly rate required by applicable law, and extra overtime compensation is properly computed and paid on other forms of additional pay required to be included in computing the regular rate.

- (k) (l) Extra compensation paid as described in this section shall be creditable toward overtime compensation payable pursuant to this section.
- (h) (m) No employer shall be considered to have violated subsection (f) (g) by employing any employee of a retail or service establishment for a work week in excess of the applicable work week specified therein, if:
 - (1) the regular rate of pay of the employee is in excess of one and one-half (1.5) times the minimum hourly rate applicable to the employee under section 2 of this chapter; and
 - (2) more than half of the employee's compensation for a representative period (not less than one (1) month) represents commissions on goods or services.

In determining the proportion of compensation representing commissions, all earnings resulting from the application of a bona fide commission rate shall be considered commissions on goods or services without regard to whether the computed commissions exceed the draw



or guarantee.

- (m) (n) No employer engaged in the operation of a hospital or an establishment which is an institution primarily engaged in the care of the sick, the aged, or individuals with a mental illness or defect who reside on the premises shall be considered to have violated subsection (f) (g) if, pursuant to an agreement or understanding arrived at between the employer and the employee before performance of the work, a work period of fourteen (14) consecutive days is accepted in lieu of the work week of seven (7) consecutive days for purposes of overtime computation and if, for the employee's employment in excess of eight (8) hours in any workday and in excess of eighty (80) hours in that fourteen (14) day period, the employee receives compensation at a rate not less than one and one-half (1.5) times the regular rate at which the employee is employed.
- (n) (o) No employer shall employ any employee in domestic service in one (1) or more households for a work week longer than forty (40) hours unless the employee receives compensation for that employment in accordance with subsection (f). (g).
- (o) (p) In the case of an employee of an employer engaged in the business of operating a street, a suburban or interurban electric railway, or a local trolley or motorbus carrier (regardless of whether or not the railway or carrier is public or private or operated for profit or not for profit), in determining the hours of employment of such an employee to which the rate prescribed by subsection (f) (g) applies, there shall be excluded the hours the employee was employed in charter activities by the employer if both of the following apply:
 - (1) The employee's employment in the charter activities was pursuant to an agreement or understanding with the employer arrived at before engaging in that employment.
 - (2) If employment in the charter activities is not part of the employee's regular employment.
- (p) (q) Any employer may employ any employee for a period or periods of not more than ten (10) hours in the aggregate in any work week in excess of the maximum work week specified in subsection (f) (g) without paying the compensation for overtime employment prescribed in subsection (f), (g), if during that period or periods the employee is receiving remedial education that:
 - (1) is provided to employees who lack a high school diploma or educational attainment at the eighth grade level;
 - (2) is designed to provide reading and other basic skills at an eighth grade level or below; and
 - (3) does not include job specific training.



1	(q) (r) Subsection (f) (g) does not apply to an employee of a motion
2	picture theater.
3	(r) (s) Subsection (f) (g) does not apply to an employee of a seasonal
4	amusement or recreational establishment, an organized camp, or a
5	religious or nonprofit educational conference center that is exemp
6	under the federal Fair Labor Standards Act of 1938, as amended (29
7	U.S.C. 213).
8	(s) (t) Subsection (f) (g) does not apply to an employee of an air
9	carrier subject to Title II of the federal Railway Labor Act (45 U.S.C
10	181 et seq.) to the extent that the hours worked by the employee during
11	a work week in excess of forty (40) hours are not required by the air
12	carrier but are arranged through a voluntary agreement between
13	employees to trade or reassign their scheduled work hours.
14	SECTION 3. IC 22-2-2-10.5 IS REPEALED [EFFECTIVE JULY
15	1, 2022]. Sec. 10.5. (a) As used in this section, "unit" has the meaning
16	set forth in IC 36-1-2-23.
17	(b) Unless federal or state law provides otherwise, a unit may not:
18	(1) establish;
19	(2) mandate; or
20	(3) otherwise require;
21	a minimum wage that exceeds the minimum wage required by section
22	4 of this chapter or by the federal minimum hourly wage prescribed by
23	29 U.S.C. 206(a)(1).
24	(c) Except as provided in IC 5-16-7.2, this section does not limit the
25	authority of a unit to establish wage rates in a contract to which the unit
26	is a party.
27	SECTION 4. IC 22-2-2-14 IS ADDED TO THE INDIANA CODE
28	AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
29	1, 2022]: Sec. 14. (a) This section applies to an employer that is
30	subject to the minimum wage provisions of the federal Fair Labor
31	Standards Act of 1938, as amended (29 U.S.C. 201 et seq.).
32	(b) If the minimum hourly wage required under section 4 of this
33	chapter is higher than the minimum wage provisions of the federa
34	Fair Labor Standards Act of 1938, as amended (29 U.S.C. 201 e
35	seq.), an employer shall pay the minimum hourly wage required
36	under section 4 of this chapter.
37	SECTION 5. IC 22-2-16 IS REPEALED [EFFECTIVE JULY 1



2022]. (Employee Benefits).