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2019 SENATE BILL 40

February 15, 2019 - Introduced by Senators Wirch, Carpenter, Hansen, Miller, Ringhand, Risser, Smith and L. Taylor, cosponsored by Representatives Ohnstad, Bowen, Anderson, Brostoff, Sargent and Subeck. Referred to Committee on Labor and Regulatory Reform.

AN ACT to renumber and amend 103.35, 109.09 (1) and 109.11 (1) (b); to amend 103.34 (6) (d), 109.03 (5), 109.09 (2) (a), 109.09 (2) (b) 3., 109.09 (2) (c) 2., 109.11 (title), 109.11 (1) (a), 109.11 (1) (c), 109.11 (2) (a), 109.11 (2) (b), 111.322 (2m) (a), 111.322 (2m) (b), 893.44 (1) and 893.44 (2); and to create 20.445 (1) (gu), 103.35 (1), 103.35 (3), 103.40, 109.01 (3m), 109.11 (4) and 814.75 (28) of the statutes; relating to: the provision by employers to employees of written disclosure statements of the terms of employment, various changes pertaining to wage claims, occupational or professional licensing of employers that owe wages under wage claim judgments, and making an appropriation.

Analysis by the Legislative Reference Bureau

This bill 1) makes various changes relating to claims that an employer has not paid an employee wages that the employer owes to the employee (wage claims); 2) requires employers to provide terms of employment statements to employees and specifies penalties for employers that fail to provide or comply with the statement; and 3) prohibits state agencies from issuing credentials or credential renewals to employers with unpaid wage claims against them.

WAGE CLAIMS

Current law

Filing and investigation; statute of limitations. Under current law, an employee who has a claim that his or her employer has not paid the employee any wages that are owed to the employee may either 1) file the wage claim with the Department of Workforce Development, which may attempt to settle and compromise the wage claim or commence an action in circuit court against the employer on the employee's behalf to collect the wage claim; or 2) commence an action in circuit court on his or her own behalf to collect the wage claim without first filing a wage claim with DWD. An action in circuit court to collect a wage claim must be commenced no later than two years after the wage claim is filed with DWD or, if the wage claim is not first filed with DWD, no later than two years after the cause of action accrues (statute of limitations). DWD may investigate a wage claim only if it is filed no later than two years after the wages are due.

Increased wages. Under current law, if a wage claim action is commenced in circuit court before DWD has completed its attempt to settle and compromise the claim, the circuit court may order the employer to pay, in addition to the amount of wages unpaid, increased wages of not more than 50 percent of the amount of wages unpaid. If a wage claim action is commenced in circuit court after DWD has completed its attempt to settle and compromise the claim, the circuit court may order the employer to pay, in addition to the amount of wages unpaid, increased wages of not more than 100 percent of the amount of wages unpaid.

The bill

Filing and investigation; statute of limitations. This bill allows an employee to file a wage claim with DWD or to commence a wage claim action in circuit court not only on his or her own behalf but also on behalf of other employees similarly situated who consent in writing to being parties to the claim or action. The bill also increases the statute of limitations for a wage claim action to four years after the wage claim is filed with DWD or, if the wage claim is not first filed with DWD, to four years after the cause of action accrues and permits DWD to investigate a wage claim that is filed no later than four years after the wages are due.

Increased wages. The bill also allows a circuit court to order 1) an employer against which a wage claim action is commenced in circuit court before DWD has completed its attempt to settle and compromise the claim to pay, in addition to the amount of wages unpaid, increased wages of not more than 100 percent of the amount of wages unpaid; and 2) an employer against which a wage claim action is commenced in circuit court after DWD has completed its attempt to settle and compromise the claim to pay, in addition to the amount of wages unpaid, increased wages of not more than 200 percent of the amount of wages unpaid.

Interest and surcharges. In addition, the bill allows DWD to require, and a circuit court to order, an employer who fails to pay wages that are due and payable to pay interest on the amount of wages due and unpaid at the rate of 2 percent per month for each month that the wages were due and unpaid and to pay to DWD or the circuit court a surcharge of \$500 for a first violation, \$750 for a second violation, and \$1,000 for a third or subsequent violation. Surcharges collected by DWD or a circuit

court must be deposited in the general fund, appropriated to DWD, and used for the administration of the wage claim law.

Costs and attorney fees. With respect to wage claims, the bill allows a circuit court to require an employer who fails to pay wages that are due and payable to pay reasonable costs and attorney fees.

Occupational or professional licensing. Finally, the bill requires a state office or agency in the executive branch, the legislature, or the courts (licensing agency) to require an applicant for issuance or renewal of an occupational or professional certificate, license, permit, or registration (license) to disclose whether there are any wage claim judgments against the applicant that the applicant has not paid. If there are any such judgments, the licensing agency must determine that the applicant is ineligible for issuance or renewal of the license, unless the applicant agrees, in writing, to pay the judgment within 30 days of filing the application.

DISCLOSURE STATEMENTS

Terms of employment; disclosure required

The bill requires an employer to provide an employee with a written statement disclosing the terms of employment (disclosure statement) at the time the employee is hired, on January 1 of each year in which the employee is employed by the employer, and not less than seven days before the effective date of any change in the terms of employment. The disclosure statement must be in English and, if the employee has limited English proficiency, in the employee's native language. The disclosure statement must include certain information specified in the bill related to the employer and the terms and conditions of the employee's employment.

Remedies

An employer that fails to provide a disclosure statement to an employee as required under the bill or that fails to comply with the terms of employment specified in a disclosure statement provided to an employee is liable to the employee for 1) all actual damages, including any wage claim or wage deficiency, sustained by the employee as a result of the employer's failure to provide that statement or to comply with those terms; 2) liquidated damages of not more than \$50 for each working day that the employer fails to provide that statement or to comply with those terms or, if applicable, the increased wages payable under the bill, whichever is greater; and 3) reasonable costs and attorney fees.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

| | 20.445 (1) (gu | a) Wage c | laim surc | charges. | All moneys | received from | surcharges |
|-------|-----------------------|-----------|-------------|----------|---------------|---------------|------------|
| colle | cted under s. 1 | 09.11 (4) | , for the a | administ | ration of ch. | 109. | |

SECTION 2. 103.34 (6) (d) of the statutes is amended to read:

103.34 **(6)** (d) A traveling sales crew worker who is owed compensation may file a wage claim with the department under s. 109.09 (1) (a) or may bring an action under s. 109.03 (5) without first filing a wage claim with the department.

SECTION 3. 103.35 of the statutes is renumbered 103.35 (2) and amended to read:

103.35 (2) No state office, department, board, examining board, affiliated credentialing board, commission, council or independent agency in the executive branch, the legislature or the courts may, as a condition for receiving an occupational or professional certificate, license, permit or registration, require the submission of information by the applicant which is not essential for the determination of licensing agency may require an applicant for issuance or renewal of a license to submit any information that is not essential for the licensing agency to determine the applicant's eligibility for the issuance or renewal of the certificate, license, permit or registration. Information which, A licensing agency may request information that is not essential for the licensing agency to determine an applicant's eligibility for issuance or renewal may be requested of a license, but the licensing agency shall notify the applicant shall be notified in a prominent place on or accompanying the request that she or he is not required to provide such information.

Section 4. 103.35 (1) of the statutes is created to read:

103.35 (1) In this section:

(a) "License" means an occupational or professional certificate, license, permit, or registration.

| (b) "Licensing agency" means a state office, department, board, examining |
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| board, affiliated credentialing board, commission, council, or independent agency in |
| the executive branch, the legislature, or the courts. |
| (c) "Wisconsin Circuit Court Access Internet site" has the meaning given in $\mathbf s$. |
| 758.20 (1). |
| Section 5. 103.35 (3) to (5) of the statutes are created to read: |
| 103.35 (3) Each licensing agency shall require an applicant for issuance or |
| renewal of a license to disclose to the licensing agency whether the applicant has a |
| judgment issued under s. 109.03 (5) or 109.09 (1) against the applicant that the |
| applicant has not paid. |
| (4) Each licensing agency shall use the Wisconsin Circuit Court Access |
| Internet site to verify an applicant's disclosure under sub. (3). |
| (5) (a) Except as provided in par. (b), if there are any unpaid judgments under |
| s. $109.03\ (5)$ or $109.09\ (1)$ against the applicant, the licensing agency may not issue |
| or renew the license. |
| (b) If the applicant agrees in writing to pay the judgment within 30 days of filing |
| the application, the licensing agency may issue or renew the license. |
| Section 6. 103.40 of the statutes is created to read: |
| 103.40 Terms of employment; disclosure statement. (1) DISCLOSURE |
| STATEMENT REQUIRED. An employer shall provide an employee with a written |
| statement disclosing the terms of employment at the time the employee is hired, on |
| January 1 of each year in which the employee is employed by the employer, and not |
| less than 7 days before the effective date of any change in the terms of employment. |
| The written disclosure statement shall be in English and, if the employee has limited |

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- English proficiency, in the employee's native language. The written disclosure statement shall include all of the following information:
 - (a) The full name, mailing address, and telephone number of the employer.
- (b) The wages the employer will pay the employee, the frequency of payment, and, if the wages will be paid as an hourly wage, the hourly rate the employer will pay the employee.
- (c) The periods of work for which the employer will pay the employee an hourly rate higher than the rate under par. (b), including all of the following:
 - 1. After the employee has worked a specified number of hours in a day.
 - 2. After the employee has worked a specified number of hours in a week.
 - 3. After the employee has worked a specified number of hours in a month.
 - 4. Specified nights, weekends, and holidays.
- (d) A description of any other employment benefits that the employer will provide, including health insurance benefits and pension or other retirement benefits, and any cost of required employee contributions for those benefits, paid sick leave, vacation pay, holiday pay, personal protective equipment that is required for the performance of the employee's work, worker's compensation coverage, and unemployment insurance.
- (2) WAIVER PROHIBITED. Any agreement between an employer and an employee purporting to waive or modify the requirement for a written disclosure statement under sub. (1) or any term of employment specified in such a statement is void.
- (3) Noncompliance; enforcement. (a) Any employer that fails to provide a written disclosure statement to an employee as required under sub. (1) or that fails to comply with the terms of employment specified in a written disclosure statement

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- provided to an employee under sub. (1) is liable to the employee for all of the following:
 - 1. All actual damages, including any wage claim or wage deficiency, sustained by the employee as a result of the employer's failure to provide that statement or to comply with those terms.
 - 2. Liquidated damages of not more than \$50 for each working day that the employer fails to provide that statement or to comply with those terms or, if applicable, the increased wages payable under s. 109.11 (2) (a) or (b), whichever is greater.
 - 3. Reasonable costs and attorney fees, notwithstanding s. 814.04.
 - (b) In addition to the liability specified in par. (a) 1. to 3., the department or the circuit court may order an employer that fails to provide a written disclosure statement to an employee as required under sub. (1) or that fails to comply with the terms of employment specified in a written disclosure statement provided to an employee under sub. (1) to take such action as will effectuate the purpose of this section.
 - (c) An employee who is affected by a violation of par. (a) may file a wage claim with the department under s. 109.09 (1) (a) or may bring an action under s. 109.03 (5) without first filing a wage claim with the department under s. 109.09 (1) (a). Section 111.322 applies to any discharge or other discriminatory acts arising in connection with any proceeding under this section.
 - **SECTION 7.** 109.01 (3m) of the statutes is created to read:
 - 109.01 (3m) "Wage claim" includes a claim under s. 103.40 (3) (c) that an employer has failed to provide a written disclosure statement to an employee as required under s. 103.40 (1) or has failed to comply with the terms of employment

specified in a written disclosure statement provided to an employee under s. 103.40 (1).

SECTION 8. 109.03 (5) of the statutes is amended to read:

special contract with employees or by any other means secure exemption from this section. Each employee shall have a right of action against any employer for the full amount of the employee's wages due on each regular pay day as provided in this section and for interest on that amount and increased wages as provided in s. 109.11 (2), in any court of competent jurisdiction. An employee may bring an action under this subsection on his or her own behalf and on behalf of other employees similarly situated who consent in writing to being parties to the action. The employee who brings the action shall file such a written consent with the court. An employee may bring an action against an employer under this subsection without first filing a wage claim with the department under s. 109.09 (1) (a). An employee who brings an action against an employer under this subsection shall have a lien upon all property of the employer, real or personal, located in this state as described in s. 109.09 (2).

SECTION 9. 109.09 (1) of the statutes is renumbered 109.09 (1) (a) and amended to read:

109.09 (1) (a) The department shall investigate and attempt equitably to adjust controversies between employers and employees as to alleged wage claims. An employee may file a wage claim under this paragraph on his or her own behalf and on behalf of other employees similarly situated who consent in writing to being parties to the claim. The employee who files the claim shall file any written consent form with the department. The department may receive and investigate any wage claim that is filed with the department, or received by the department under s.

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109.10 (4), no later than 2-4 years after the date the wages are due. The department may, after After receiving a wage claim, the department may investigate any wages due from the employer against whom the claim is filed to any employee during the period commencing 2-4 years before the date the claim is filed.

(b) The department shall enforce this chapter and s. 66.0903, 2013 stats., s. 103.49, 2013 stats., s. 229.8275, 2013 stats., and s. 16.856, 2015 stats., and ss. 103.02, 103.40, 103.82, and 104.12. In pursuance of this duty, the department may sue the employer on behalf of the employee to collect any wage claim or wage deficiency, and ss. 109.03 (6) and 109.11 (2) and (3) shall apply to such actions. Except for actions under s. 109.10, the department may refer such an action to the district attorney of the county in which the violation occurs occurred for prosecution and collection and the district attorney shall commence an action in the circuit court having appropriate jurisdiction. Any number of Multiple wage claims or wage deficiencies against the same employer may be joined in a single proceeding, but the court may order separate trials or hearings.

(c) In actions that are referred to a district attorney under this subsection par.

(b), any taxable costs recovered by the district attorney shall be paid into the general fund of the county in which the violation occurs occurred and shall be used by that county to meet its financial responsibility under s. 978.13 (2) (b) for the operation of the office of the district attorney who prosecuted the action.

Section 10. 109.09 (2) (a) of the statutes is amended to read:

109.09 (2) (a) The department of workforce development, under its authority under sub. (1) (b) to maintain actions for the benefit of employees, or an employee who brings an action under s. 109.03 (5) shall have a lien upon all property of the

| employer, real or personal, located in this state for the full amount of any wage cla | iim |
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| or wage deficiency. | |

SECTION 11. 109.09 (2) (b) 3. of the statutes is amended to read:

109.09 (2) (b) 3. The department of workforce development or employee must file the notice under subd. 1. or 2. within $\frac{2}{2}$ years after the date on which the wages were due. The notice shall specify the nature of the claim and the amount claimed, describe the property upon which the claim is made, and state that the person filing the notice claims a lien on that property.

Section 12. 109.09 (2) (c) 2. of the statutes is amended to read:

109.09 (2) (c) 2. Except as provided in this subdivision, a lien under par. (a) does not take precedence over a lien of a commercial lending institution against the employer that originates before the lien under par. (a) takes effect. Subject to subd. 3., a lien under par. (a) takes precedence over a lien of a commercial lending institution against the employer that originates before the lien under par. (a) takes effect only as to the first \$3,000 of unpaid wages covered under the lien that are earned by an employee within the 6 months preceding the date on which the employee files the wage claim under sub. (1) (a) or brings the action under s. 109.03 (5) or the date on which the department receives the wage claim under s. 109.10 (4) (a), whichever is applicable.

SECTION 13. 109.11 (title) of the statutes is amended to read:

109.11 (title) Penalties and surcharge.

Section 14. 109.11 (1) (a) of the statutes is amended to read:

109.11 (1) (a) In adjusting a controversy between an employer and an employee as to regarding an alleged wage claim filed with the department under s. 109.09 (1) (a), the department may compromise and settle that wage claim for such sum as may

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be agreed upon between the department, the employee, and the employer. The department shall add to the sum owed both interest at the rate of 2 percent per month for each month that the wages were due and unpaid and the surcharge specified in sub. (4).

SECTION 15. 109.11 (1) (b) of the statutes is renumbered 109.11 (1) (b) 1. and amended to read:

109.11 (1) (b) 1. If the department finds that a wage claim is valid, the department may instruct the employer against whom the wage claim is filed to audit his or her payroll records to determine whether the employer may be liable for any other wage claims that are of the same type as the wage claim that prompted the audit instruction. If after the requested completion date of the audit the department receives a wage claim against the employer that is of the same type as the wage claim that prompted the audit instruction and if the department determines that the subsequent wage claim is valid, the department may audit the employer's payroll records to determine whether the employer may be liable for any other wage claims that are of the same type as the wage claim that prompted the audit instruction.

2. For any valid wage claim that is filed against an employer after the department has instructed the employer to audit his or her payroll records under this paragraph subd. 1. and that is of the same type as the wage claim that prompted the audit instruction and for any valid wage claim that is discovered as a result of the department's audit under this paragraph subd. 1. and that is of the same type as the wage claim that prompted the audit instruction, the department shall require the employer to pay, in addition to the amount of wages due and unpaid, increased wages of not more than 50 percent of the amount of wages due and unpaid, interest on the amount of wages due and unpaid at the rate of 2 percent per month for each month

that the wages were due and unpaid, and the surcharge specified in sub. (4), unless the employer shows the department that payment of the increased wages, interest, or surcharge would cause extreme hardship. The department shall require an employer to make that payment without regard to whether the employer's failure to pay the wages due and unpaid was intentional or unintentional.

SECTION 16. 109.11 (1) (c) of the statutes is amended to read:

109.11 (1) (c) If an employer does not agree to compromise and settle a wage claim under this subsection, the department may refer the wage claim to a district attorney under s. 109.09 (1) (b) or to the department of justice under s. 109.10 (3) for commencement of an action in circuit court to collect the amount of wages due and unpaid plus interest on that amount at the rate of 2 percent per month for each month that the wages were due and unpaid, increased wages as specified in sub. (2) (b), and the surcharge specified in sub. (4).

Section 17. 109.11 (2) (a) of the statutes is amended to read:

109.11 (2) (a) In a wage claim action that is commenced by an employee before the department has completed its investigation under s. 109.09 (1) (a) and its attempts to compromise and settle the wage claim under sub. (1), a circuit court may order the employer to pay to the employee, in addition to the amount of wages due and unpaid and in addition to or in lieu of the criminal penalties specified in sub. (3), increased wages of not more than 50 100 percent of the amount of wages due and unpaid, interest on the amount of wages due and unpaid at the rate of 2 percent per month for each month that the wages were due and unpaid, the surcharge specified in sub. (4), and, notwithstanding s. 814.04, reasonable costs and attorney fees. A circuit court may order an employer to make that payment without regard to

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whether the employer's failure to pay the wages due and unpaid was intentional or unintentional.

SECTION 18. 109.11 (2) (b) of the statutes is amended to read:

109.11 (2) (b) In a wage claim action that is commenced after the department has completed its investigation under s. 109.09 (1) (a) and its attempts to settle and compromise the wage claim under sub. (1), a circuit court may order the employer to pay to the employee, in addition to the amount of wages due and unpaid to an employee and in addition to or in lieu of the criminal penalties specified in sub. (3), increased wages of not more than 100 200 percent of the amount of those wages due and unpaid, interest on the amount of wages due and unpaid at the rate of 2 percent per month for each month that the wages were due and unpaid, the surcharge specified in sub. (4), and, notwithstanding s. 814.04, reasonable costs and attorney fees. A circuit court may order an employer to make that payment without regard to whether the employer's failure to pay the wages due and unpaid was intentional or unintentional.

Section 19. 109.11 (4) of the statutes is created to read:

109.11 (4) Surcharge. In addition to the amounts payable under sub. (1) (a) or (b) or (2) (a) or (b), the department shall require, or a circuit court shall order, an employer who fails to pay wages that are due and payable to an employee to pay to the department or circuit court a surcharge of \$500 for a first violation, \$750 for a 2nd violation, and \$1,000 for a 3rd or subsequent violation. If the surcharge is required by the department, the department shall collect the surcharge, deposit the surcharge in the general fund, and credit the surcharge to the appropriation account under s. 20.445 (1) (gu). If the surcharge is ordered by the circuit court, the clerk of circuit court shall collect the surcharge and transmit the surcharge to the county

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treasurer under s. 59.40 (2) (m), the county treasurer shall pay the surcharge to the secretary of administration under s. 59.25 (3) (f) 2., and the secretary of administration shall deposit the surcharge in the general fund and credit the surcharge to the appropriation account under s. 20.445 (1) (gu).

Section 20. 111.322 (2m) (a) of the statutes is amended to read:

111.322 **(2m)** (a) The individual files a complaint or attempts to enforce any right under s. 103.02, 103.10, 103.11, 103.13, 103.28, 103.32, 103.34, 103.40, 103.455, 104.12, 109.03, 109.07, 109.075, 109.09, 146.997, or 995.55, or ss. 101.58 to 101.599 or 103.64 to 103.82.

SECTION 21. 111.322 (2m) (b) of the statutes is amended to read:

111.322 (**2m**) (b) The individual testifies or assists in any action or proceeding held under or to enforce any right under s. 103.02, 103.10, 103.11, 103.13, 103.28, 103.32, 103.34, 103.40, 103.455, 104.12, 109.03, 109.07, 109.075, 109.09, 146.997, or 995.55, or ss. 101.58 to 101.599 or 103.64 to 103.82.

Section 22. 814.75 (28) of the statutes is created to read:

814.75 (28) The wage claim surcharge under s. 109.11 (4).

SECTION 23. 893.44 (1) of the statutes is amended to read:

893.44 (1) Any action to recover unpaid salary, wages or other compensation for personal services, except actions to recover fees for professional services and except as provided in sub. (2), shall be commenced within 2-4 years after the cause of action accrues or be barred.

SECTION 24. 893.44 (2) of the statutes is amended to read:

893.44 (2) An action to recover wages under s. 109.09 shall be commenced within -2— $\underline{4}$ years after the claim is filed with the department of workforce development or be barred.

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| Section 25. Initial applicability | SECTION | 25. | Initial | applica | bility |
|-----------------------------------|----------------|------------|---------|---------|--------|
|-----------------------------------|----------------|------------|---------|---------|--------|

- (1) Wage claim statute of limitations, interest, and surcharges. The treatment of ss. 109.09 (1) (with respect to the receipt and investigation of a wage claim) and (2) (b) 3., 109.11 (1) (a), (b), and (c), (2) (a) and (b), and (4), and 893.44 (1) and (2) first applies to wages earned on the effective date of this subsection.
- (2) FILING OF WAGE CLAIMS. The treatment of ss. 109.03 (5) and 109.09 (1) (with respect to the filing of a wage claim) first applies to a wage claim action commenced or a wage claim filed on the effective date of this subsection.
- (3) WRITTEN DISCLOSURE STATEMENTS. The treatment of ss. 103.40 and 109.01 (3m) first applies to an employee hired on, or a change in a term of employment effective 7 days after, the effective date of this subsection.
- (4) Occupational or professional license filed on the effective date of this subsection.
- **Section 26. Effective dates.** This act takes effect on the day after publication, except as follows:
- (1) Written disclosure statements. The treatment of ss. 103.40, 109.01 (3m), and 111.322 (2m) (a) and (b) and Section 25 (3) of this act take effect on the first day of the 3rd month beginning after publication.
- (2) OCCUPATIONAL OR PROFESSIONAL LICENSING. The renumbering and amendment of s. 103.35, the creation of ss. 103.35 (1) and (3) to (5), and Section 25 (4) of this act take effect on the first day of the 6th month beginning after publication.