# 

January 26, 2021

### **SENATE BILL No. 106**

DIGEST OF SB 106 (Updated January 25, 2021 4:22 pm - DI 140)

Citations Affected: IC 22-2.

**Synopsis:** Minimum wage. Increases the minimum wage paid to certain employees in Indiana as follows: (1) After June 30, 2022, from \$7.25 an hour to \$10 an hour. (2) After June 30, 2023, from \$10 an hour to \$13 an hour. (3) After June 30, 2024, from \$13 an hour to \$15 an hour. Provides that after June 30, 2025, and each subsequent June 30, the hourly minimum wage increases at the same percentage as any increase in the Consumer Price Index for the preceding calendar year. Makes technical corrections and corresponding changes.

Effective: July 1, 2021.

### Mrvan

January 4, 2021, read first time and referred to Committee on Rules and Legislative Procedure. January 25, 2021, amended; reassigned to Committee on Pensions and Labor.



January 26, 2021

First Regular Session of the 122nd General Assembly (2021)

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 2020 Regular Session of the General Assembly.

## SENATE BILL No. 106

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 2 3	SECTION 1. IC 22-2-2-3, AS AMENDED BY P.L.7-2019, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2021]: 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
10	liability company, corporation, business trust, the state, or other
11	governmental agency or political subdivision during any work week in
12	which they have two (2) or more employees. However, except as
13	provided in section 14 of this chapter, it shall not include any
14	employer who is subject to the minimum wage provisions of the federal
15	Fair Labor Standards Act of 1938, as amended (29 U.S.C. 201-209).
16	(29 U.S.C. 201 et seq.).
17	"Employee" means any person employed or permitted to work or



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 employing unit's trade or business. 10 (d) Persons employed on a commission basis. 11 12 (e) Persons employed by their own parent, spouse, or child. 13 (f) Members of any religious order performing any service for that order, any ordained, commissioned, or licensed minister, priest, 14 15 rabbi, sexton, or Christian Science reader, and volunteers performing services for any religious or charitable organization. 16 (g) Persons performing services as student nurses in the employ 17 18 of a hospital or nurses training school while enrolled and 19 regularly attending classes in a nurses training school chartered 20 or approved under law, or students performing services in the 21 employ of persons licensed as both funeral directors and 22 embalmers as a part of their requirements for apprenticeship to 23 secure an embalmer's license or a funeral director's license from 24 the state, or during their attendance at any schools required by law 25 for securing an embalmer's or funeral director's license. 26 (h) Persons who have completed a four (4) year course in a 27 medical school approved by law when employed as interns or 28 resident physicians by any accredited hospital. 29 (i) Students performing services for any school, college, or 30 university in which they are enrolled and are regularly attending 31 classes. 32 (i) Persons with physical or mental disabilities performing 33 services for nonprofit organizations organized primarily for the 34 purpose of providing employment for persons with disabilities or 35 for assisting in their therapy and rehabilitation. (k) Persons employed as insurance producers, insurance 36 37 solicitors, and outside salesmen, if all their services are performed 38 for remuneration solely by commission. 39 (1) Persons performing services for any camping, recreational, or 40 guidance facilities operated by a charitable, religious, or 41 educational nonprofit organization. 42 (m) Persons engaged in agricultural labor. The term shall include

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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	storing water for farming purposes; and
22	(4) in handling, planting, drying, packing, packaging,
23	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
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30 37	raising of agricultural or horticultural commodities.
37	(n) Those persons employed in executive, administrative, or
	professional occupations who have the authority to employ or discharge and who some one hundred fifty dollars (\$150) or more
39 40	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 $(4)$
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 22-2-2-4, AS AMENDED BY P.L.147-2020,
24	SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
25	JULY 1, 2021]: 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	(1) a seniority system; (2) a merit system;
36	(3) a system which measures earnings by quantity or quality of
30 37	production; or
38	(4) a differential based on any other factor other than sex.
38 39	(b) An employer who is paying a wage rate differential in violation
40	of subsection (a) shall not, in order to comply with subsection (a),
40 41	
41 42	reduce the wage rate of any employee, and no labor organization, or its
42	agents, representing employees of an employer having employees



subject to subsection (a) shall cause or attempt to cause such an employer to discriminate against an employee in violation of subsection (a).

(c) Except as provided in subsection (d), (h), every employer employing at least two (2) employees during a work week shall, in any work week in which the employer is subject to this chapter, pay each of the employees in any work week beginning on or after June 30, 2007, and before July 1, 2022, wages of not less than the minimum wage payable under the federal Fair Labor Standards Act of 1938, as amended (29 U.S.C. 201 et seq.).

(d) Except as provided in subsection (h), every employer shall,
in any work week in which the employer is subject to this chapter,
pay each of the employees in any work week beginning after June
30, 2022, and before July 1, 2023, wages of not less than ten dollars
(\$10) an hour.

(e) Except as provided in subsection (h), every employer shall,
in any work week in which the employer is subject to this chapter,
pay each of the employees in any work week beginning after June
30, 2023, and before July 1, 2024, wages of not less than thirteen
dollars (\$13) an hour.

(f) Except as provided in subsection (h), every employer shall,
in any work week in which the employer is subject to this chapter,
pay each of the employees in any work week beginning after June
30, 2024, and before July 1, 2025, wages of not less than fifteen
dollars (\$15) an hour.

26 (g) Except as provided in subsection (h), every employer shall, 27 in any work week in which the employer is subject to this chapter, 28 pay each of the employees in any work week beginning after June 29 30, 2025, and continuing for each subsequent June 30, an increase 30 in the hourly minimum wage set by this section in the same 31 percentage as any increase in the Consumer Price Index for Urban 32 Wage Earners and Clerical Workers for the preceding calendar 33 vear. 34

(d) (h) An employer subject to subsection (c) subsections (c) through (g) (whichever is applicable) is permitted to apply a tip credit in determining the amount of cash wage paid to tipped employees. In determining the wage an employer is required to pay a tipped employee, the amount paid the employee by the employee's employer must be an amount equal to:

(1) the cash wage paid the employee, which for purposes of the determination may be not less than the cash wage required to be paid to employees covered under the federal Fair Labor Standards



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1	Act of 1938, as amended (29 U.S.C. 203(m)(1)) on August 20,
2	1996, which amount is two dollars and thirteen cents (\$2.13) an
3	hour; and
4	(2) an additional amount on account of the tips received by the
5	employee, which amount is equal to the difference between the
6	wage specified in subdivision (1) and the wage in effect under
7	<del>subsection</del> (c). subsections (c) through (g) (whichever is
8 9	applicable).
9 10	An employer is responsible for supporting the amount of tip credit
10	taken through reported tips by the employees. (e) (i) This section does not apply if an employee:
12	(1) provides companionship services to the aged and infirm (as
12	defined in 29 CFR 552.6); and
14	(2) is employed by an employer or agency other than the family
15	or household using the companionship services, as provided in 29
16	CFR 552.109 (a).
17	(f) (j) Except as otherwise provided in this section, no employer
18	shall employ any employee for a work week longer than forty (40)
19	hours unless the employee receives compensation for employment in
20	excess of forty $(40)$ hours at a rate not less than one and one-half $(1.5)$
21	times the regular rate at which the employee is employed.
22	(g) (k) For purposes of this section the following apply:
23	(1) "Overtime compensation" means the compensation required
24	by subsection <del>(f).</del> (j).
25	(2) "Compensatory time" and "compensatory time off" mean
26	hours during which an employee is not working, which are not
27	counted as hours worked during the applicable work week or
28	other work period for purposes of overtime compensation, and for
29	which the employee is compensated at the employee's regular
30	rate.
31	(3) "Regular rate" means the rate at which an employee is
32	employed is considered to include all remuneration for
33	employment paid to, or on behalf of, the employee, but is not
34	considered to include the following:
35	(A) Sums paid as gifts, payments in the nature of gifts made at
36	Christmas time or on other special occasions, as a reward for
37 38	service, the amounts of which are not measured by or
38 39	dependent on hours worked, production, or efficiency.
39 40	(B) Payments made for occasional periods when no work is performed due to vacation, holiday, illness, failure of the
40 41	employer to provide sufficient work, or other similar cause,
41	reasonable payments for traveling expenses, or other expenses,
74	reasonable payments for davening expenses, of other expenses,



1 2 3	incurred by an employee in the furtherance of the employer's interests and properly reimbursable by the employer, and other similar payments to an employee which are not made as
3 4	compensation for the employee's hours of employment.
5	(C) Sums paid in recognition of services performed during a
6	given period if:
7	(i) both the fact that payment is to be made and the amount
8	of the payment are determined at the sole discretion of the
9	employer at or near the end of the period and not pursuant
10	to any prior contract, agreement, or promise causing the
11	employee to expect the payments regularly;
12	(ii) the payments are made pursuant to a bona fide profit
13	sharing plan or trust or bona fide thrift or savings plan,
14	meeting the requirements of the administrator set forth in
15	appropriately issued regulations, having due regard among
16	other relevant factors, to the extent to which the amounts
17	paid to the employee are determined without regard to hours
18	of work, production, or efficiency; or
19	(iii) the payments are talent fees paid to performers,
20	including announcers, on radio and television programs.
21	(D) Contributions irrevocably made by an employer to a
22	trustee or third person pursuant to a bona fide plan for
23	providing old age, retirement, life, accident, or health
24	insurance or similar benefits for employees.
25	(E) Extra compensation provided by a premium rate paid for
26	certain hours worked by the employee in any day or work
27	week because those hours are hours worked in excess of eight
28	(8) in a day or in excess of the maximum work week
29	applicable to the employee under subsection (f) (j) or in excess
30	of the employee's normal working hours or regular working
31	hours, as the case may be.
32	(F) Extra compensation provided by a premium rate paid for
33	work by the employee on Saturdays, Sundays, holidays, or
34	regular days of rest, or on the sixth or seventh day of the work
35	week, where the premium rate is not less than one and one-half
36	(1.5) times the rate established in good faith for like work
37	performed in nonovertime hours on other days.
38	(G) Extra compensation provided by a premium rate paid to
39	the employee, in pursuance of an applicable employment
40	contract or collective bargaining agreement, for work outside
41	of the hours established in good faith by the contract or
42	agreement as the basic, normal, or regular workday (not



exceeding eight (8) hours) or work week (not exceeding the maximum work week applicable to the employee under subsection (f)) (j)) where the premium rate is not less than one and one-half (1.5) times the rate established in good faith by the contract or agreement for like work performed during the workday or work week.
(h) (l) No employer shall be considered to have violated subsection (f) (j) by employing any employee for a work week in excess of that specified in subsection (f) (j) without paying the compensation for 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) (i) 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) (m) No employer shall be considered to have violated subsection
(f) (j) by employing any employee for a work week in excess of the maximum work week applicable to the employee under subsection (f)
(j) 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:

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1 (1) Specifies a regular rate of pay of not less than the minimum 2 hourly rate provided in subsections (c) and (d) through (g) 3 (whichever is applicable) and compensation at not less than one 4 and one-half (1.5) times that rate for all hours worked in excess 5 of the maximum work week. 6 (2) Provides a weekly guaranty of pay for not more than sixty (60) 7 hours based on the rates so specified. 8 (i) (n) No employer shall be considered to have violated subsection 9 (f) (j) by employing any employee for a work week in excess of the 10 maximum work week applicable to the employee under that subsection if, pursuant to an agreement or understanding arrived at between the 11 12 employer and the employee before performance of the work, the 13 amount paid to the employee for the number of hours worked by the 14 employee in the work week in excess of the maximum work week 15 applicable to the employee under that subsection: 16 (1) in the case of an employee employed at piece rates, is 17 computed at piece rates not less than one and one-half (1.5) times 18 the bona fide piece rates applicable to the same work when 19 performed during nonovertime hours; 20 (2) in the case of an employee performing two (2) or more kinds 21 of work for which different hourly or piece rates have been 22 established, is computed at rates not less than one and one-half 23 (1.5) times those bona fide rates applicable to the same work 24 when performed during nonovertime hours; or 25 (3) is computed at a rate not less than one and one-half (1.5) times 26 the rate established by the agreement or understanding as the 27 basic rate to be used in computing overtime compensation thereunder, provided that the rate so established shall be 28 29 substantially equivalent to the average hourly earnings of the 30 employee, exclusive of overtime premiums, in the particular work 31 over a representative period of time; 32 and if the employee's average hourly earnings for the work week exclusive of payments described in this section are not less than the 33 34 minimum hourly rate required by applicable law, and extra overtime 35 compensation is properly computed and paid on other forms of 36 additional pay required to be included in computing the regular rate. 37  $(\mathbf{k})$  (o) Extra compensation paid as described in this section shall be 38 creditable toward overtime compensation payable pursuant to this 39 section. 40 (f) (p) No employer shall be considered to have violated subsection 41 (f) (j) by employing any employee of a retail or service establishment 42 for a work week in excess of the applicable work week specified



1 therein, if:

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(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

5 (2) more than half of the employee's compensation for a 6 representative period (not less than one (1) month) represents 7 commissions on goods or services.

8 In determining the proportion of compensation representing 9 commissions, all earnings resulting from the application of a bona fide 10 commission rate shall be considered commissions on goods or services without regard to whether the computed commissions exceed the draw 12 or guarantee.

13 (m) (q) No employer engaged in the operation of a hospital or an 14 establishment which is an institution primarily engaged in the care of 15 the sick, the aged, or individuals with a mental illness or defect who 16 reside on the premises shall be considered to have violated subsection (f) (i) if, pursuant to an agreement or understanding arrived at between 17 18 the employer and the employee before performance of the work, a work 19 period of fourteen (14) consecutive days is accepted in lieu of the work 20 week of seven (7) consecutive days for purposes of overtime 21 computation and if, for the employee's employment in excess of eight 22 (8) hours in any workday and in excess of eighty (80) hours in that 23 fourteen (14) day period, the employee receives compensation at a rate 24 not less than one and one-half (1.5) times the regular rate at which the 25 employee is employed.

(n) (r) No employer shall employ any employee in domestic service 26 in one (1) or more households for a work week longer than forty (40) 27 28 hours unless the employee receives compensation for that employment 29 in accordance with subsection (f). (j).

(o) (s) 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) (j) applies, there shall be excluded the hours the employee was employed in charter activities by the employer if both of the following apply:

38 (1) The employee's employment in the charter activities was 39 pursuant to an agreement or understanding with the employer 40 arrived at before engaging in that employment.

41 (2) If employment in the charter activities is not part of the employee's regular employment. 42



(p) (t) 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)
 (j) without paying the compensation for overtime employment prescribed in subsection (f), (j), if during that period or periods the employee is receiving remedial education that:

7 (1) is provided to employees who lack a high school diploma or8 educational attainment at the eighth grade level;

9 (2) is designed to provide reading and other basic skills at an 10 eighth grade level or below; and

(3) does not include job specific training.

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(q) (u) Subsection (f) (j) does not apply to an employee of a motion
 picture theater.

(r) (v) Subsection (f) (j) does not apply to an employee of a seasonal
 amusement or recreational establishment, an organized camp, or a
 religious or nonprofit educational conference center that is exempt
 under the federal Fair Labor Standards Act of 1938, as amended (29
 U.S.C. 213). (29 U.S.C. 201 et seq.).

(s) (w) Subsection (f) (j) does not apply to an employee of an air
carrier subject to Title II of the federal Railway Labor Act (45 U.S.C.
181 et seq.) to the extent that the hours worked by the employee during
a work week in excess of forty (40) hours are not required by the air
carrier but are arranged through a voluntary agreement between
employees to trade or reassign their scheduled work hours.

SECTION 3. IC 22-2-2-14 IS ADDED TO THE INDIANA CODE
AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
1, 2021]: Sec. 14. (a) This section applies to an employer that is
subject to the minimum wage provisions of the federal Fair Labor
Standards Act of 1938, as amended (29 U.S.C. 201 et seq.).

(b) Except as provided in subsection (c), if the minimum hourly
wage required under section 4 of this chapter is higher than the
minimum wage provisions of the federal Fair Labor Standards Act
of 1938, as amended (29 U.S.C. 201 et seq.), an employer shall pay
the minimum hourly wage required under section 4 of this chapter.
(c) Subsection (b) does not apply to an employee subject to 29
U.S.C. 206(g) or 29 U.S.C. 213.



#### COMMITTEE REPORT

Madam President: The Senate Committee on Rules and Legislative Procedure, to which was referred Senate Bill No. 106, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Delete everything after the enacting clause and insert the following:

#### (SEE TEXT OF BILL)

and when so amended that said bill be reassigned to the Senate Committee on Pensions and Labor.

(Reference is to SB 106 as introduced.)

BRAY, Chairperson

