

# New Revision to the Indiana Code and What it Means for Employers

## Labor & Employment Law Update

By Sara Zorich on June 13, 2019

On May, 1, 2019, Indiana Senate Bill 99 was signed into effect amending Indiana's Wage Assignment Statute. The amendment makes the statute a bit more employer friendly by clarifying that, with proper authorization from the employee, an employer can deduct the cost of rental uniforms from an employee's wages. Although the legislative intent behind the 2015 amendments to the Act may have been to allow deductions for rental uniforms, prior to the 2019 amendment, the statutory language only allowed employers to deduct wages for purchased uniform costs. In a 2018 case before the U.S. District Court for the Southern District of Indiana, the court found that the statute did not allow for deductions for rental uniforms. *Weil v. Metal Tech. Inc.*, 305 F.Supp.3d 948, 957 (2018). With the recent amendment in place, employers can now deduct wages for the cost of uniform rentals as well as uniform purchases.

The new amendment is also retroactive. As a result, the 7<sup>th</sup> Circuit ordered the Judge to revisit her ruling in the *Weil* case which the employer had appealed prior to the amendment on the grounds that the pre-amendment statute allowed wage deductions for uniform rentals.

The 7<sup>th</sup> Circuit Court of Appeals stated that if the amendment never occurred, the court would affirm the decision for the employees. *Weil v. Metal Tech. Inc.*, 2019 WL 2281567. But, since the Indiana law now allows for deductions for uniform rentals, the judgment for the employee was vacated and the case was remanded to the district court. *Id* at 1. It is the opinion of the court that the retroactive application of the amendment should apply in this case, but it is leaving that decision for the district court to revisit and decide. *Id* at 3.

The amendment to the Indiana Code has created a more employer friendly wage deduction act. Employers are no longer limited to only recovering costs from employees for uniforms purchased. Employers can now deduct costs from employees for rentals of uniforms, shirts, pants, or other job-related clothing. The amendment also adds clarity to the section authorizing deductions for "equipment" explaining that this includes tools necessary to fulfill the duties of employment. Moreover, because it is retroactive, any deductions made before the amendment went into effect are legalized, as long as the wage assignment was valid. This retroactivity is beneficial for any employer who was deducting

costs from employees for the rental of uniforms prior to the amendment and gives a valid defense against an employee seeking to recover deducted wages.

Of course Indiana's Wage Assignment Statute only applies to Indiana-based employment relationships and still requires written authorization from the employee in a form that strictly adheres to the requirements set forth in the statute. Wage deduction and assignment laws vary greatly by state. Employers should carefully examine local requirements before taking any deductions from employees' wages.

New  
Revision to  
the Indiana  
Code and  
What it  
Means  
for Employers