



News & Types: Employment, Labor & Benefits Update

Does Your Indiana Workforce Wear Uniforms? If so, Payroll Deduction May be For You!

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Practices: Employment, Labor & Benefits

EXECUTIVE SUMMARY

Effective May 1, 2019, Indiana employers may deduct from an employee's paycheck the cost of renting uniform shirts, pants and related clothing (but not personal protective equipment). Your company should take immediate steps to see if it can streamline its administrative process by using payroll deductions to cover such costs.

What is the new law? The law is Senate Bill 99, an amendment to Indiana's wage deduction statute. It took effect when the Governor of Indiana, Eric Holcomb, signed the bill into law on May 1, 2019. Under this amendment, an employer may deduct the cost of an employee's uniform rental from that employee's wages. The amount of the deduction is capped at the lesser of \$2,500 annually or five percent of the employee's weekly disposable (post-tax and withholding) earnings. The amendment is limited to uniform rental and does not apply to the cost of renting personal protective equipment.

Why does this matter? Indiana has one of the more restrictive wage deduction laws in the United States. Previously, it permitted wage deductions only for health insurance, union dues, and the purchase (but not rental) of uniforms and job-related equipment. Thus, this expansion of the permissible reasons for taking a payroll deduction is a boon to Indiana employers looking to administratively streamline collection of rental costs for such items.

How does my company take advantage of this law? You may require employees to consent in writing to payroll deduction for the cost of uniform rental (which includes shirts, pants and other job-related clothing), up to the statutory cap. However, it is important to note that in Indiana, payroll deductions are still only permitted if part of a written agreement between employer and employee, personally signed by the employee, which is revocable by the employee at any time.

Please let us know if you have any questions about how to implement wage deductions for uniform rental in your Indiana workplace.