

Regular Session, 2014

SENATE BILL NO. 359

BY SENATOR DONAHUE

EMPLOYMENT. Limits penalty for failure to pay wages. (8/1/14)

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AN ACT

To amend and reenact R.S. 23:632, relative to employers' failure to pay wages; to provide for penalties; to provide for limitation of penalties; to provide for good faith exception; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 23:632 is hereby amended and reenacted to read as follows:

§632. Liability of employer for failure to pay; attorney fees; good faith exception

A. Any Except as provided for in Subsection B of this Section, any
employer who fails or refuses to comply with the provisions of R.S. 23:631 shall be liable to the employee either for ninety days wages at the employee's daily rate of pay, or else for full wages from the time the employee's demand for payment is made until the employer shall pay or tender the amount of unpaid wages due to such employee, whichever is the lesser amount of penalty wages.

B. When the court finds that an employer's dispute over the amount of wages due was in good faith, but the employer is subsequently found by the court to owe the amount in dispute, the employer shall be liable only for the amount of wages in dispute plus judicial interest incurred from the date that the

1 **suit is filed. If the court determines that the employer's failure or refusal to pay**
2 **the amount of wages owed was not in good faith, then the employer shall be**
3 **subject to the penalty provided for in Subsection A of this Section.**

4 C. Reasonable attorney fees shall be allowed the laborer or employee by the
5 court which shall be taxed as costs to be paid by the employer, in the event a well-
6 founded suit for any unpaid wages whatsoever be filed by the laborer or employee
7 after three days shall have elapsed from time of making the first demand following
8 discharge or resignation.

The original instrument was prepared by Carla S. Roberts. The following digest, which does not constitute a part of the legislative instrument, was prepared by Ann S. Brown.

DIGEST

Donahue (SB 359)

Present law provides that upon the discharge of any laborer or other employee of any kind, it shall be the duty of the person employing such laborer or other employee to pay the amount then due under the terms of employment, whether the employment is by the hour, day, week, or month, on or before the next regular payday or no later than 15 days following the date of discharge, whichever occurs first.

Present law provides that any employer who fails or refuses to pay wages to an employee who has been discharged shall be liable to the employee either for 90 days wages at the employee's daily rate of pay, or else for full wages from the time the employee's demand for payment is made until the employer shall pay or tender the amount of unpaid wages due to such employee, whichever is the lesser amount of penalty wages. Present law provides that reasonable attorney fees shall be allowed the laborer or employee by the court which shall be taxed as costs to be paid by the employer, in the event a well-founded suit for any unpaid wages whatsoever be filed by the laborer or employee after three days shall have elapsed from time of making the first demand following discharge or resignation.

Proposed law creates a good faith exception so that, when an employer disputes the amount of wages due and is subsequently found by the court to owe the amount in dispute, the employer shall be liable only for the amount of wages in dispute plus judicial interest incurred from the date that the suit is filed but the employer will not be liable for the penalty wages, so long as the employer was in good faith.

Proposed law provides that if the court determines that the employer's failure or refusal to pay the amount of wages owed, was not in good faith, then the employer shall be subject to the penalty provided for in present law.

Effective August 1, 2014.

(Amends R.S. 23:632)

Summary of Amendments Adopted by Senate

Senate Floor Amendments to engrossed bill

1. Adds a provision that requires an employer to pay penalties when a court finds that the employer did not act in good faith when withholding an employee's pay.