IN THE IOWA DISTRICT COURT IN AND FOR POLK COUNTY

Mike Marion Niday, **Petitioner-Claimant,** **vs.** **Roehl Transport, Inc.,** **Respondent-Defendant.**	**Case No. CVCV055066** **RULING ON PETITION FOR JUDICIAL REVIEW**

I. INTRODUCTION

Petitioner Mike Marion Niday ("Niday") filed his initial petition for judicial review on October 9, 2017. The application came before the Court for hearing on February 2, 2018. Niday was represented by Attorney Joseph Powell. Respondent–Defendant Roehl Transport, Inc. ("Roehl Transport") was represented by Attorney Tyler S. Smith. After considering the administrative record and arguments of both parties in their briefs and at the hearing, the Court makes the following ruling on the Petition for Judicial Review.

II. BACKGROUND FACTS AND PROCEDURAL HISTORY

There are no factual disputes. Niday, an Iowa resident, applied for employment with Roehl Transport after completing his Commercial Driver's License Program in the spring of 2013. On May 7, 2013, Roehl Transport notified Niday in writing that he had passed the initial screening process. Shortly thereafter, Niday spoke with a Roehl Transport representative over the phone to discuss the process of becoming a Roehl Transport employee. Roehl Transport sent Niday a letter dated May 10, 2013 which outlined the terms upon which Niday's employment was conditioned. The letter also explained the two phases of the Safety and Job Skills Training program Niday would need to complete before becoming an employee.

On June 1, 2013, Niday drove to Marshfield, Wisconsin using a rental car paid for by Roehl Transport to fill out paperwork and undergo a urine screen. On June 4, 2013, Niday traveled to Roehl Transport's terminal in Gary, Indiana where he participated in classroom training. After successfully completing the training, Roehl Transport hired Niday as a solo driver in the flatbed division on June 10, 2013. On that same day, Niday received an employee handbook, completed payroll forms, filled out a W-4, and was assigned a fleet manager based out of Gary, Indiana. Roehl Transport paid Niday throughout his training.

During the course of his employment with Roehl, Niday either picked up or delivered loads in Iowa for 25 out of 73 total dispatches. Niday suffered a work-related heart injury driving for Roehl Transport on November 1, 2013 in the state of Kentucky. Niday filed a petition for workers' compensation benefits in Iowa on June 30, 2014. Roehl Transport denied the claim and argued that the Iowa Workers' Compensation Commission ("the agency") lacked jurisdiction. On June 11, 2015 a hearing was held, and on April 4, 2016 the deputy commissioner entered an arbitration decision finding that the agency lacked jurisdiction over the case. On October 4, 2017, the agency issued an appeal decision in which it adopted the prior arbitration decision. This petition for judicial review followed.

III. STANDARD OF REVIEW

Chapter 17A of the Iowa Code governs judicial review of administrative agency action. The district court acts in an appellate capacity to correct errors of law on the part of the agency. *Meyer v. IBP, Inc.*, 710 N.W.2d 213, 219 (Iowa 2006). The Court "may grant relief if the agency action has prejudiced the substantial rights of the petitioner, and the agency action meets one of the enumerated criteria contained in section 17A.19(10)(a) through (n)." *Burton v. Hilltop Care Cntr.*, 813 N.W.2d 250, 256 (Iowa 2012) (quoting *Evercom Sys., Inc. v. Iowa Utilities Bd.*, 805

N.W.2d 758, 762 (Iowa 2011)). Where an agency has been "clearly vested" with a fact-finding function, the appropriate "standard of review [on appeal] depends on the aspect of the agency's decision that forms the basis of the petition for judicial review"—that is, whether it involves an issue of (1) findings of fact, (2) interpretation of law, or (3) application of law to fact. *Burton*, 813 N.W.2d at 256.

"If the claim of error lies with the agency's findings of fact, the proper question on review is whether substantial evidence supports those findings of fact." *Meyer*, 710 N.W.2d at 219. "[A] reviewing court can only disturb those factual findings if they are 'not supported by substantial evidence in the record before the court when that record is reviewed as a whole.'" *Burton*, 813 N.W.2d at 256 (quoting Iowa Code § 17A.19(10)(f)). A district court's review "is limited to the findings that were actually made by the agency and not other findings that the agency could have made." *Id.* However, "[i]n reviewing an agency's finding of fact for substantial evidence, courts must engage in a 'fairly intensive review of the record to ensure that the fact finding is itself reasonable.'" *Neal v. Annett Holdings, Inc.*, 814 N.W.2d 512, 518 (Iowa 2012) (quoting *Wal-Mart Stores, Inc. v. Caselman*, 657 N.W.2d 493, 499 (Iowa 2003)).

"Substantial evidence means the quantity and quality of evidence that would be deemed sufficient by a neutral, detached, and reasonable person, to establish the fact at issue when the consequences resulting from the establishment of that fact are understood to be serious and of great importance." Iowa Code § 17A.19(10)(f)(1). If "the claim of error lies with the agency's interpretation of the law, the question on review is whether the agency's interpretation was erroneous, and we may substitute our interpretation for the agency's." *Meyer*, 710 N.W.2d at 219.

The Court must also grant appropriate relief from agency action if such action was "[b]ased upon an erroneous interpretation of a provision of law whose interpretation has not clearly been vested by a provision of law in the discretion of the agency." Iowa Code § 17A.19(10)(c). With respect to such provisions of law, the Court is not required to defer to the agency's interpretation. *Id.* § 17A.19(11)(b).Additionally, the Court must grant relief from agency action that is "[b]ased upon an irrational, illogical, or wholly unjustifiable interpretation of a provision of law," based upon a misapplication of law to the facts, or "[o]therwise unreasonable, arbitrary, capricious, or an abuse of discretion." *Id.* § 17A.19(10)(l–n).

If "the claim of error lies with the ultimate conclusion reached, then the challenge is to the agency's application of the law to the facts, and the question on review is whether the agency abused its discretion by, for example, employing wholly irrational reasoning or ignoring important and relevant evidence." *Meyer*, 710 N.W.2d at 219. In other words, the Court will only reverse the Commissioner's application of law to the facts if "it is 'irrational, illogical, or wholly unjustifiable.'" *Neal*, 814 N.W.2d at 518 (quoting *Lakeside Casino v. Blue*, 743 N.W.2d 169, 173 (Iowa 2007); *see also Burton*, 813 N.W.2d at 256 ("When the application of law to fact has been clearly vested in the discretion of an agency, a reviewing court may only disturb the agency's application of the law to the facts of the particular case if that application is 'irrational, illogical, or wholly unjustifiable.'").

IV. APPLICABLE LAW & ANALYSIS

The sole issue on review is whether the agency had jurisdiction to hear Niday's claim. Niday argues that the agency had jurisdiction pursuant to Iowa Code sections 85.71(1)(a) and Iowa Code section 85.71(1)(b). Iowa Code section 85.71(1)(a) provides that an employee who suffers a work-related injury outside of Iowa, but who would be entitled to benefits had the

injury occurred within Iowa, is still entitled to benefits under Chapter 85 if the employer has a place of business in Iowa and the employee is either domiciled in Iowa or regularly worked in Iowa. Likewise, Iowa Code section 85.71(1)(b) provides that such an employee who suffered a work-related injury out of state may be entitled to benefits if "[t]he employee is working under a contract of hire made in the state and the employee regularly works in the state." Both parties agree that Niday regularly worked in Iowa and that he was domiciled in Iowa. However, Roehl Transport contends that it did not maintain a place of business within Iowa and that the contract for hire was made in Gary, Indiana—not Iowa. Niday argues the contract for hire was made when he accepted the conditional offer of employment over the phone from his home in Iowa, and he argues that, because he began most trips in Iowa, Roehl Transport had a place of business in Iowa.

a. Place of Business

In order to establish jurisdiction under Iowa Code section 85.71(1)(a), Niday must show that Roehl Transport had a place of business in Iowa. The agency concluded that because Roehl Transport does not maintain headquarters, terminals, drop yards, or any other property in the territorial limits of Iowa, it did not have a place of business in Iowa. The agency rejected Niday's contention that, because he started and ended his routes from his residence in Iowa and stored his truck nearby, Niday's home constituted to a "place of a business." The agency specifically found that reaching such a conclusion would essentially eliminate the place of business requirement under section 85.71(a) for many truck drivers.

This subsection has not been interpreted by the Iowa appellate courts since its revision in 2017. While the court defers to an agency's interpretation of a statute when the legislature has clearly vested interpretation in the agency, "ultimately the interpretation and construction of a

statute is an issue for the court to decide." *Brakke v. Iowa Dep't of Natural Resources*, 897 N.W.2d 522, 533 (Iowa 2017). Nonetheless, the Court agrees with the reasoning put forth by the agency. Niday's argument solely rests on the fact that he is domiciled in Iowa and regularly worked in Iowa—the statute requires more. *See* Iowa Code § 85.71(a) (stating that the claimant must show he was domiciled in Iowa or regularly worked in *and* that the employer had a place of business in Iowa); *see also c.f. Ewing v. George A. Hormel & Co.*, 428 N.W.2d 674, 675 (Iowa Ct. App. 1988) (quoting *Iowa Beef Processors, Inc. v. Miller*, 312 N.W.2d 530, 534 (Iowa 1981)) ("There must be some meaningful connection between domicile and the employer–employee relationship."). Courts must construe statutes to give meaning to each term. *In Interest of G.J.A.*, 547 N.W.2d 3, 6 (Iowa 1996) ("We will presume the legislature enacted each part of the statute for a purpose and intended that each part be given effect."). If a claimant could show an employer had a place of business in the state of Iowa through showing he was domiciled in Iowa and/or he regularly worked in Iowa, then the place of business requirement would not be necessary in Iowa Code section 85.71(a). Therefore, based on the record in this case, the Court agrees with the agency and finds that Roehl Transport did not have a place of business in Iowa.

b. Contract

Niday may still establish the agency's jurisdiction if he can show that he was employed by a contract for hire made in Iowa. Iowa Code § 85.71(1)(b). General rules of contract law apply when determining whether a contract for hire was made in Iowa when analyzing a claim under this section. *Heartland Express, Inc. v. Terry*, 631 N.W.2d 260, 266–67 (Iowa 2001).

> Generally speaking, the place of making a contract is determined according to the parties' intention. As a rule this is considered to be the place where the offer is accepted, or where the last act necessary to a meeting of the minds, or to complete the making of the contract, is performed. . . . [T]he place of contract is the place where the acceptance is made, as, if a resident of one state places a letter in the

> mail making an offer to one who resides in another state, the contract would be completed where the acceptance is mailed. Such is the general rule.

Id. (quoting *Burch Mfg. Co. v. McKee*, 2 N.W.2d 98, 101 (Iowa 1942)). Furthermore, "all contracts must contain mutual assent; mode of assent is termed offer and acceptance. An offer is a manifestation of willingness to enter into a bargain, so made as to justify another person in understanding that his assent to that bargain is invited and will conclude it." *Id.* at 268 (quotations and citations omitted). In *Heartland Express*, the court ultimately found that the contract was formed in the place where the employee accepted an offer of employment. *Id.* at 270 ("Because Georgia was the place where Terry accepted Heartland's offer of employment, Georgia was the place where the contract of hire was made.").

However, this case differs from *Heartland Express* in that Roehl Transport only conditionally offered Niday employment while Niday was in Iowa. The agency found that because Roehl Transport's offer was conditioned on Niday successfully completing training and satisfying other conditions, no employment contract was formed until after Niday completed such requirements. Thus, no contract for hire occurred until Niday completed training in Indiana. The Court agrees with the agency. In its offer, Roehl Transport outlined several conditions Niday was required to satisfy before he would be offered employment. No binding contract was formed until these conditions precedent were performed. *See, e.g.*, *Khabbaz v. Swartz*, 319 N.W.2d 279, 284 (Iowa 1982) ("Nonperformance of a condition precedent vitiates a contract or a proposed contract."). The contract of hire was not concluded when Niday agreed to attend training in Ohio, as Roehl conditioned the employment on Niday first completing the requisite training program and passing other various screenings. Once Niday satisfied the conditions, the bargain was concluded and Niday was hired as an employee of Roehl Transport. This occurred in Gary,

Indiana. The agency did not have jurisdiction to hear Niday's claim for benefits under Iowa Code section 85.71(b).

V. CONCLUSION

Niday has failed to show that the agency erred in finding that it was without subject matter jurisdiction to hear his claim under Iowa Code section 85.71(1)(a) or (b). Furthermore, the agency's finding that Niday failed to show that Roehl Transport had a place of business in Iowa and that Niday's contract for hire was made in Iowa was not irrational, illogical, or wholly unjustifiable. The petition for judicial review must be denied.

VI. ORDER

IT IS THEREFORE ORDERED that the Petition for Judicial Review is **DENIED**.

State of Iowa Courts

Type: OTHER ORDER

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CVCV055066	MIKE MARION NIDAY VS ROEHL TRANSPORT INC

So Ordered

Paul D. Scott, District Court Judge,
Fifth Judicial District of Iowa