FILED
MAY 28 1985
CLERK SUPREME COURT

IN THE COURT OF APPEALS OF IOWA

CHARLES ELLIOTT,

Plaintiff-Appellant,

vs.

IOWA DEPARTMENT OF PUBLIC SAFETY; IOWA DEPARTMENT OF TRANSPORTATION; and STATE OF IOWA,

Defendants-Appellees.

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Appeal from the Iowa District Court for Polk County - Rod Ryan, Judge.

Plaintiff appeals from the district court's dismissal of his petition for declaratory judgment. REVERSED.

Ronald A. Baybayan of Baybayan Law Firm, Des Moines, for plaintiff-appellant.

Thomas J. Miller, Attorney General, and David A. Ferree, Assistant Attorney General, for defendants-appellees.

Considered by Oxberger, C.J., and Donielson and Schlegel, JJ.

DONIELSON, J.

Plaintiff appeals from the district court's dismissal of his petition for declaratory judgment. He asserts that longevity pay benefits earned as the result of previous service with another state agency are transferable to employment with the Department of Transportation. We reverse.

Plaintiff, Charles Elliott, was employed with the Department of Public Safety from 1951 until 1973. He received longevity pay of $100 per month. In 1973, Elliott transferred to the Iowa State Highway Commission (later the Department of Transportation). Upon his transfer, plaintiff's longevity pay was terminated due to an allegedly erroneous interpretation of Iowa Code section 307.13 (1973) (now known as Iowa Code section 307A.8 (1985).

Section 307.13 of the 1973 Code provides in relevant part:

> No employee of the state highway commission, subject to the provisions of Chapter 19A who is hired on or after July 1, 1971, shall be entitled to longevity pay. The provisions of this section shall not apply to any employee of the state highway commission subject to Chapter 19A who has been employed prior to July 1, 1971 and whose employment continues after June 30, 1971.

Although Elliott was not employed by the state highway commission until 1973, he argues that this section does not prohibit longevity pay since he has been employed by the State of Iowa for a number of years. The defendants claim that there is no vested right to longevity pay simply by having been a state employee and Elliott is prohibited from receiving such pay by the plain language of the statute.

Our decision in this case is necessarily one of statutory interpretation. The intent of the legislature in drafting the statute is controlling. Hubbard v. State, 163 N.W.2d 904, 909 (Iowa 1969). We look to the object to be accomplished and the evils and mischiefs to be remedied in reading a reasonable and liberal construction. Shidler v. All American Life and Financial Corporation, 298 N.W.2d 318, 321 (Iowa 1980).

The primary purpose of section 307.13 was to prohibit longevity pay. However, in order to avoid the unjust result of penalizing long-standing employees, the legislature inserted a grandfather clause. The defendants advocate a strict, literal interpretation of this clause and argue that it only applies when one commences employment with the Department of Transportation prior to July 1971. While such an interpretation can hardly be characterized as strained, it does serve to undermine the intent of the legislature, a result which we should avoid. Consistent with precedent in this state, we believe that the intent of the legislature should prevail over the literal import of the words used. See Iowa Nat'l Industrial Loan Co. v. Iowa State Dep't of Revenue, 224 N.W.2d 437, 440 (Iowa 1974).

Mr. Elliott has been employed by the State of Iowa for over thirty years and had been receiving longevity pay prior to transferring departments. In a situation such as this, where one has been a long-standing employee of the State, it makes little sense to terminate benefits merely because of a department transfer. We do not believe this result was intended by the legislature.

Accordingly, we hold that section 307.13 allows payment of longevity benefits to State employees transferred to the Department of Transportation as long as employment with the State began prior to July 1, 1971. This interpretation best effectuates the intent of the grandfather clause and avoids the undesirable result of penalizing long-standing State employees.

We therefore reverse the decision of the district court. Charles Elliott is entitled to longevity pay benefits from July 1973 until his retirement in September 1983. Interest will accumulate at the maximum statutory rate as dictated by Iowa Code section 535.3 (1985).

REVERSED.