LEGISLATIVE COMMITTEE MINUTES

HB1404

Bill as Introduced

HB 1404 – AS INTRODUCED

2014 SESSION

14-2181
06/05

HOUSE BILL ***1404***

AN ACT relative to payroll cards.

SPONSORS: Rep. Cahill, Rock 17; Rep. Flanagan, Hills 26; Rep. Moody, Rock 17

COMMITTEE: Labor, Industrial and Rehabilitative Services

ANALYSIS

This bill adds requirements for the use of payroll cards.

Explanation: Matter added to current law appears in ***bold italics.***
Matter removed from current law appears [~~in brackets and struckthrough.~~]
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

HB 1404 – AS INTRODUCED

14-2181
06/05

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Fourteen

AN ACT relative to payroll cards.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 Payment of Wages; Weekly; Payroll Card. Amend RSA 275:43, I and II to read as follows:

I. Every employer shall pay all wages due to employees within 8 days including Sunday after expiration of the week in which the work is performed, except when permitted to pay wages less frequently as authorized by the commissioner pursuant to paragraph II, on regular paydays designated in advance by the employer and at no cost to the employee:

(a) In lawful money of the United States;

(b) By electronic fund transfer;

(c) By direct deposit with written authorization of the employee to banks of the employee's choice;

(d) By a payroll card provided that the employer ***has offered, and the employee has declined, both the option of receiving his or her wages by direct deposit to a depository account of the employee's choosing and the option of receiving a paper check, and that the employer*** shall provide to the employee at least [~~one free means to withdraw~~] ***3 free withdrawals*** up to and including the full amount of the employee balance in the employee's payroll card or payroll card account during each pay period at a financial institution, ***authorized teller machine,*** or other location convenient to the place of employment. ***The payroll card account shall not be linked to any form of credit, including a loan against future pay or cash advance on future pay. Funds in the payroll account shall not expire.*** None of the employer's costs associated with a payroll card or payroll card account shall be passed on to the employee; or

(e) With checks on a financial institution convenient to the place of employment where suitable arrangements are made for the cashing of such checks by employees for the full amount of the wages due; provided, however, that if an employer elects to pay employees as specified in subparagraphs (b), (c), or (d), the employer shall offer employees the option of being paid as specified in subparagraph (e), and further provided that all wages in the nature of health and welfare fund or pension fund contributions required pursuant to a health and welfare fund trust agreement, pension fund trust agreement, collective bargaining agreement, or other agreement adopted for the benefit of employees and agreed to by the employer shall be paid by every such employer within 30 days of the date of demand for such payment, the payment to be made to the administrator or other designated official of the applicable health and welfare or pension trust fund.

II. If an employer offers its employees the option of receiving wages by a payroll card, the employer shall:

(a) Provide to the employee written disclosure in plain language of all the employee's wage payment options. The written disclosure shall state the terms and conditions of the payroll card account option, including, but not limited to, the requirements set forth in this section and a complete itemized list of all known fees that may be deducted from the employee's payroll card account by the employer or card issuer. The disclosure shall also state whether third parties may assess transaction fees in addition to the fees assessed by the employee's payroll card issuer or issuers. In no event shall the employer provide payment of wages to a payroll card that has an expiration date, unless the employer agrees to provide a replacement payroll card ***at least 15 days*** before the expiration date at no cost to the employee.

(b) Initiate payment of wages to an employee by electronic fund transfer to a payroll card account only after the employee has voluntarily consented in writing to that method of payment. Consent to payment of wages by electronic fund transfer to a payroll card account shall not be a condition of hire or of continued employment. The written consent signed by the employee shall include the terms and conditions of the payroll card account option, ***as described in paragraph II(a).***

(c) Provide written notice of any change to any of the terms and conditions of the payroll card or payroll card account, including but not limited to an itemized list of all fees that may have changed, and obtain written assent from the employee that the employee voluntarily consents to receive wages to a payroll card or payroll card account subject to the changes. The employer shall be responsible for any increase in fees charged to the employee before the employer provides written notice of such changes to the employee.

(d) Provide the employee the option to discontinue receipt of wages by a payroll card or payroll card account at any time, without penalty ***or cost*** to the employee.

(e) Provide the employee the option of receiving periodic account activity statements at least once per month, or at least every 90 days if there is a balance on the payroll card but no activity on the payroll card account, of all transactions during the statement period including deposits, withdrawals, fees charged, and other transactions affecting the payroll account. Employers shall provide employees with an option of receiving periodic payroll account statements electronically or as paper statements. Employees may voluntarily decline, in writing, the option to receive periodic payroll account statements.

(f) The payroll card account may be closed for inactivity, with a minimum of 30 days notice given to the employee; provided that the remaining funds on the payroll card account are refunded to the employee at no cost to the employee.

(g) Ensure that there are no fees charged to employees for the following payroll card account transactions and services:

(1) A declined transaction.

(2) An overdraft, shortage, or low balance fee.

(3) Account inactivity.

(4) Withdrawal of funds at a teller or automated teller machine within the network of financial institutions of the issuer providing the payroll card account.

(5) The first 3 telephone calls to a live customer service representative per pay period.

(6) Access to payroll card balance or other account information online, by interactive voice response system, at an automated teller machine in the network of an issuer, or by any automated system in conjunction with the payroll card.

(7) A written statement or transaction history.

(8) Any transaction or service not expressly identified by type and amount in the contract between the employer and the payroll card issuer, or any transaction or service not expressly disclosed to the employee as required in subparagraph II(a).

2 Effective Date. This act shall take effect 60 days after its passage.

Amendments

Rep. Cahill, Rock. 17
February 10, 2014
2014-0480h
06/09

"Not Adopted"

Amendment to HB 1404

Amend RSA 275:43, I(d) as inserted by section 1 of the bill by replacing it with the following:

(d) By a payroll card provided that the employer ***has offered, and the employee has declined, both the option of receiving his or her wages by direct deposit to a depository account of the employee's choosing and the option of receiving a paper check, and that the employer*** shall provide to the employee at least [~~one free means to withdraw~~] ***3 free withdrawals*** up to and including the full amount of the employee balance in the employee's payroll card or payroll card account during each pay period at a financial institution***, automated teller machine within the network of financial institutions of the insurer providing the payroll card account,*** or other location convenient to the place of employment. ***The payroll card account shall not be linked to any form of credit, including a loan against future pay, a cash advance on future pay, or overdraft protection. Funds in the payroll account shall not expire.*** None of the employer's costs associated with a payroll card or payroll card account shall be passed on to the employee; or

Amend RSA 275:43, II(g) as inserted by section 1 of the bill by replacing it with the following:

(g) Ensure that there are no fees charged to employees for the following payroll card account transactions and services:

(1) A declined transaction.

(2) A low balance fee.

(3) Account inactivity.

(4) Access to payroll card balance and transaction history online, by interactive voice response system, at an automated teller machine in the network of an issuer, or by any automated system in conjunction with the payroll card.

(5) Any transaction or service not expressly identified by type and amount in the contract between the employer and the payroll card issuer, or any transaction or service not expressly disclosed to the employee as required in subparagraph II(a).

Rep. Cahill, Rock. 17
February 11, 2014
2014-0501h
06/09

Amendment to HB 1404

Amend RSA 275:43, I(d) as inserted by section 1 of the bill by replacing it with the following:

(d) By a payroll card provided that the employer ***has offered, and the employee has declined, both the option of receiving his or her wages by direct deposit to a depository account of the employee's choosing and the option of receiving a paper check, and that the employer*** shall provide to the employee at least [~~one free means to withdraw~~] ***3 free withdrawals*** up to and including the full amount of the employee balance in the employee's payroll card or payroll card account during each pay period at a financial institution***, automated teller machine within the network of financial institutions of the issuer providing the payroll card account,*** or other location convenient to the place of employment. ***The payroll card account shall not be linked to any form of credit, including a loan against future pay, a cash advance on future pay, or overdraft protection.*** None of the employer's costs associated with a payroll card or payroll card account shall be passed on to the employee; or

Amend RSA 275:43, II(g) as inserted by section 1 of the bill by replacing it with the following:

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(4) Access to payroll card balance and transaction history online, by interactive voice response system, at an automated teller machine in the network of an issuer, or by any automated system in conjunction with the payroll card.

(5) Any transaction or service not expressly identified by type and amount in the contract between the employer and the payroll card issuer, or any transaction or service not expressly disclosed to the employee as required in subparagraph II(a).

Rep. Cahill, Rock. 17
February 11, 2014
2014-0501h
06/09

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Amend RSA 275:43, II(g) as inserted by section 1 of the bill by replacing it with the following:

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(1) A declined transaction.

(2) A low balance fee.

(3) Account inactivity.

(4) Access to payroll card balance and transaction history online, by interactive voice response system, at an automated teller machine in the network of an issuer, or by any automated system in conjunction with the payroll card.

(5) Any transaction or service not expressly identified by type and amount in the contract between the employer and the payroll card issuer, or any transaction or service not expressly disclosed to the employee as required in subparagraph II(a).

Speakers

SIGN UP SHEET

To Register Opinion If Not Speaking

Bill # HB 1404 Date January 28, 2014

Committee Labor

**** Please Print All Information ****

Name	Address	Phone	Representing	(check one) Pro	Con
Rep Gene Chandler - House Republican office					X
Suzan Lehmann	11 South Main St. Ste 400		American Payroll Association		X
Judy Stadtman	161 Londonderry Turke Hooksett		NH AFL-CIO	✓	

Hearing Minutes

HOUSE COMMITTEE ON LABOR, INDUSTRIAL AND REHABILITATIVE SERVICES

PUBLIC HEARING ON HB 1404

BILL TITLE: relative to payroll cards.

DATE: January 21, 2014

LOB ROOM: 307 **Time Public Hearing Called to Order:** 1:15 p.m.

Time Adjourned: 2:00 p.m.

(please circle if present)

Committee Members: Reps. A. White, S. Kelly, Coulombe, C. Rice, Weed, J. Schmidt, DiSilvestro, Andrews, Cahill, Ley, Tanner, Daniels, Burchell, H. Richardson, Infantine, Pellegrino, Flanagan, Emerick, Sedensky and St. James.

Bill Sponsors: Rep. Cahill, Rock 17; Rep. Flanagan, Hills 26; Rep. Moody, Rock 17

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

*** Rep. Michael Cahill** - Prime sponsor of the bill. Supports the bill. Was not satisfied with last years bill and now offers this bill to improve a pay card. Provided material which is added to the file.

*** Tom Fahey, NH Bankers Association** - Opposes the bill. In Federal law an employer can not just pay with a payroll card. Employee must sign to agree. Submitted testimony.

*** Kurt Ehrerbert, AFL-CIO** - Supports the bill. Provided written materials. This bill simply limits the amount of money a bank can change for a payroll card. Note no cost to the employer from Chase to use these payroll cards. We do not oppose payroll cards. This bill simply clarifies what charges if any a bank can impose.

Michele Small, NH Department of Labor - Supports the bill. Clarify a couple of things. Employer money. No, it's the payroll card company that owns the card. Another concern is that employees think a payroll card is like a DEBIT CARD. It is not the same. Depending on the payroll card company, many different fees can be implemented to the employee as each company negotiates their own contracts.

Respectfully submitted,

Linda DiSilvestro

Rep. Linda A. DiSilvestro
Clerk

HOUSE COMMITTEE ON LABOR, INDUSTRIAL AND REHABILITATIVE SERVICES

PUBLIC HEARING ON HB 1404

BILL TITLE: relative to payroll cards.

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LOB ROOM: 307 **Time Public Hearing Called to Order:** 1:15 p.m.

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Bill Sponsors: Rep. Cahill, Rock 17; Rep. Flanagan, Hills 26; Rep. Moody, Rock 17

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

1. Rep Cahill - was not satisfied with last years bill and now offers this bill to improve a pay card - provided material which is added to the file.

2. Tom Tokey - N H. Bankers Assoc. Opposed - as introduced In federal law an employer can not just pay with a payroll card - employee must sign to agree. Submitted testimony

3 Kurt Ehrhardt AFL-CIO - Support - provided written materials - this bill simply limits the ant of money a bank can charge for a payroll card. Note no cost to the employer from Chase to use these payroll cards. We do not oppose payroll cards - this bill simply clarifies what charges if any a ~~car~~ Bank can impose.

4. Michele Small - DOC

Clarify a couple of things

employer currency No - its the payroll card co that owns the card. Another concern is that employees think a payroll card is like a Debit Card - it is not the same. Dependency on the payroll card co - many different fees can be implemented to the employee - as each co negotiates their own contracts.

Testimony

Consumer Financial Protection Bureau

1700 G Street NW, Washington, DC 20552

CFPB Bulletin 2013-10

Date: September 12, 2013

Subject: Payroll Card Accounts (Regulation E)

The Consumer Financial Protection Bureau (CFPB or the Bureau) is issuing this bulletin to reiterate the application of the Electronic Fund Transfer Act (EFTA) and Regulation E, which implements the EFTA, to payroll card accounts. Payroll card accounts are accounts that are established directly or indirectly through an employer, and to which transfers of the consumer's salary, wages, or other employee compensation are made on a recurring basis.[1]

The EFTA generally covers the electronic transfer of funds to and from consumers' accounts.[2] Since 2006, Regulation E,[3] which implements the EFTA, has defined the term "account" to include a "payroll card account" and covers such accounts "whether ... operated or managed by the employer, a third party payroll processor, a depository institution or any other person."[4] Thus, employees whose wages are deposited onto a payroll card are entitled to the protections of the EFTA generally, and Regulation E's provisions applicable to payroll cards specifically.

The protections in Regulation E for consumers who receive wages on a payroll card mirror those available to consumers who make electronic fund transfers (EFTs) generally with some exceptions. These protections include the following:[5]

- **Disclosures**: Under Regulation E, payroll card holders are entitled to receive initial disclosures of any fees imposed by the financial institution for EFTs or for the right to make such transfers. The financial institution must also provide to cardholders initial

[1] 12 CFR 1005.02(b)(2).
[2] *See* EFTA §§ 901 *et seq.*, 15 USC 1693 *et seq.*
[3] 12 CFR part 1005.
[4] 12 CFR 1005.2(b)(2).
[5] *See* 12 CFR 1005.18(a).

disclosures containing, among other things, details regarding limitations on liability and the types of EFTs they may make with the card.[6]

Regulation E requires that these disclosures be made at account opening or before the first transfer occurs,[7] although some state laws dictate that certain information be provided before an employee elects to receive wages via payroll card. Regulation E also provides that the disclosures be "clear and readily understandable, in writing, and in a form the consumer may keep."[8]

- **Access to account history**: A payroll card issuer must either provide periodic statements as required by Regulation E generally, or alternatively must make available to the consumer (1) the consumer's account balance, by telephone; (2) an electronic history, such as through an Internet web site, of the consumer's account transactions covering at least 60 days preceding the date the consumer electronically accesses the account; and (3) upon the consumer's oral or written request, promptly provide a written history of the consumer's account transactions covering at least 60 days prior to the request. The history of account transactions provided electronically or upon request must set forth the same type of information required on periodic statements under Regulation E generally, including transaction information and the amount of any fees imposed during the 60 day period for EFTs, the right to make EFTs, or account maintenance.[9]

- **Limited liability for unauthorized transfers**: With limited exceptions regarding the period within which an unauthorized transfer must be reported, Regulation E's limited liability protections fully apply to payroll cards.[10]

- **Error resolution rights**: Financial institutions must respond to a consumer's report of errors regarding a payroll card account if the report is received within 60 days of the consumer either accessing account history or receiving a written account history on which the error appears, whichever is earlier, or within 120 days after the alleged error occurs.[11]

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[6] 12 CFR 1005.7 and 1005.18(c)(1).
[7] 12 CFR 1005.7(a).
[8] 12 CFR 1005.4(a)(1).
[9] 12 CFR 1005.9(b), 1005.18(b) and (c).
[10] 12 CFR 1005.6 and 1005.18(c)(3).
[11] 12 CFR 1005.11 and 1005.18(c)(4).

In addition to these protections for holders of payroll cards, Regulation E states clearly that no "financial institution *or other person*" can mandate that an employee receive direct deposit into an account at a particular institution.[12] Said another way, Regulation E prohibits employers from mandating that employees receive wages only on a payroll card of the employer's choosing.

Regulation E permits an employer to require direct deposit of wages by electronic means if the employee is allowed to choose the institution that will receive the direct deposit.[13] Alternatively, an employer may give employees the choice of having their wages deposited at a particular institution (designated by the employer) or receiving their wages by another means, such as by check or cash.[14] Thus, an employer may not require that its employees receive their wages by electronic transfer to a payroll card account at a particular institution. An employer may, however, offer employees the choice of receiving their wages on a payroll card or receiving it by some other means. Permissible alternative wage payment method(s) are governed by state law, but may include direct deposit to an account of the employee's choosing, a paper check, cash, or other evidence of indebtedness.

Most states' laws contain additional restrictions on the manner in which employers may make wages available to their employees, sometimes specifically addressing payment of wages via payroll card, or calling for particular alternatives to payroll cards. The Bureau notes that the EFTA and Regulation E preempt state laws "relating to" EFTs, among other things, only to the extent of any inconsistency between the state laws and the EFTA / Regulation E. A state law is not considered inconsistent with the EFTA and Regulation E if the state law affords consumers greater protections than afforded by the EFTA and Regulation E.[15]

Finally, the Bureau notes that it has supervisory authority over larger depository institutions engaged in, among other things, providing payroll cards.[16] That authority includes the ability to examine supervised entities' use of third-party service providers, to assess both the supervised

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[12] 12 CFR 1005.10(e)(2) and comment 10(e)(2)-1 (emphasis added). As the Federal Reserve Board explained in 2006, Regulation E's compulsory use provisions "apply to payroll card accounts because they are established as accounts for the receipt of EFTs of salary." 71 FR 1473, 1476 (Jan. 10, 2006).
[13] 12 CFR 1005.10(e)(2) and comment 10(e)(2)-1.
[14] *Id.*
[15] EFTA § 922, 15 USC 1693q, 12 CFR 1005.12(b).
[16] The Bureau also has supervisory authority over, among others, non-depository larger participants in consumer financial product or service markets, as defined by rule, and over non-depository covered persons engaging, or who have engaged, in conduct posing risks to consumers with regard to the offering or provision of consumer financial products or services. 12 USC 5514(a)(1)(B) and (C). *See also* 12 CFR parts 1090 and 1091.

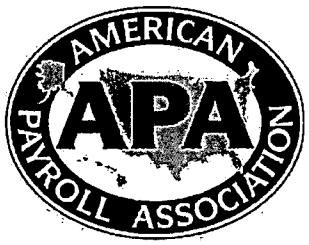
entity's and service provider's compliance with federal consumer financial laws, including the EFTA and Regulation E.[17]

The Bureau is also authorized, subject to certain exceptions, to enforce the EFTA and Regulation E against any person subject to the Regulation, including financial institutions *and* employers.[18] In addition, subject to certain exceptions, the Bureau has enforcement authority over covered persons offering or providing certain consumer financial products or services – including payroll cards – under the Consumer Financial Protection Act.[19] In exercising our enforcement authority, our goals are to be proactive about identifying violations, stopping violations before they grow into systemic problems, maximizing remediation to consumers, and deterring future violations.

This bulletin and other information related to Regulation E are available on the CFPB's website at www.consumerfinance.gov.

[17] *See* CFPB Bulletin 2012-03, *available at* http://files.consumerfinance.gov/f/201204_cfpb_bulletin_service-providers.pdf.
[18] EFTA § 918(a)(5), 15 USC 16930(a)(5).
[19] 12 USC 5515.

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FOR IMMEDIATE RELEASE: July 31, 2013

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American Payroll Association, National Consumer Law Center Agree Payroll Cards Make Sense for Unbanked If Proper Guidelines Followed

WASHINGTON, DC—Recent media stories have criticized the fees on payroll cards, a form of prepaid debit card offered by employers to pay wages. Though we represent different constituencies (low income consumers and payroll administrators), we agree that payroll cards can offer unbanked workers an economical, safe and convenient way to receive their wages. For these workers, payroll cards can mean no check cashing fees, greater security without the risks of cash, access to pay despite natural disasters and the ability to make purchases over the internet and by telephone.

But not all cards are created equal. Following the right guidelines can result in a payroll card program that is mutually beneficial for both workers and employers.

1. ***Employees must be able to access their full wages in cash at least once each pay period without fees.*** Free and clear access is required by the state wage and hour laws and is critical to the success of any payroll card program. Common methods of cash access include bank teller transactions, ATM withdrawals, convenience checks and cash back from point of sale purchases.

2. ***Employees must have a choice of wage payment method and be able to change it.*** Under federal law, employees may not be required to receive their wages on a payroll card and must have the choice of another payment method, typically direct deposit to an account of the employee's choosing. State wage and hour laws may also require a choice of a paper paycheck option. Employees should know how to change their selection if they want to do so.

3. ***Employers should offer a payroll card that is widely accepted.*** The logo of a widely accepted payment brand (i.e., Visa, MasterCard or Discover) signals to employees that they can take their card to any bank that is a member of the payment brand and receive their full wages from the teller each pay period without fees. In addition, branded payroll cards can be used to make purchases and pay bills in person, online and over the telephone. A wide, convenient surcharge-free ATM network linked to the payroll card is also important to help employees avoid third party ATM surcharge fees.

4. ***Employers must provide clear information and training on use of the payroll card and possible fees.*** Training can ensure that employees understand the key terms and know how to access their wages without fees. Pricing for discretionary services should be reasonable and easily understandable.

5. ***Employees must be provided free and convenient access to account information.*** Employees need free access to account information to check their balance, spot unauthorized charges, monitor fees and manage their finances. They should not be charged a fee for responsible behavior, such as checking their balance using an automated telephone system. Additional free means of accessing account information, like automated text messages and smart phone applications, are becoming more common.

6. ***The funds in the payroll card account must have deposit insurance.*** Employee wages must be protected if the bank holding the funds becomes insolvent. Employers should select a program that maintains payroll funds in an FDIC- or NCUA-insured account on a pass-through basis to the individual cardholder.

7. ***Be wary of overdraft protection.*** Payroll cards are often promoted as a budgeting tool for low income workers. Employees usually can spend only those funds deposited onto the card. To prevent confusion and ensure that the program truly promotes financial responsibility, employers should consider selecting programs that do not offer overdraft protection or other embedded credit features. Such features can be unsafe for employees if used unwisely and can result in a cycle of debt. This principle does not prohibit a program from covering an occasional inadvertent overdraft transaction if there is no charge to the employee.

8. ***Be wary of employer incentives.*** Some payroll card programs pay cash incentives to the employer. Those funds might be better spent improving the card program for employees.

We believe that well-designed payroll card programs can live up to their promise, benefitting both employees and employers.

Written by William Dunn, CPP, Director of Government Relations for the American Payroll Association and Lauren Saunders, Managing Attorney for the National Consumer Law Center.

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NCLC: Since 1969, the nonprofit National Consumer Law Center® (NCLC®) has worked for consumer justice and economic security for low-income and other disadvantaged people, including older adults, in the U.S. through its expertise in policy analysis and advocacy, publications, litigation, expert witness services, and training. **www.nclc.org**

APA: Established in 1982, the **American Payroll Association** (APA) is the nation's leader in payroll education, publications, and training. The nonprofit association conducts nearly 500 payroll training conferences and seminars across the country each year and publishes a complete library of resource texts and newsletters. Every year, nearly 37,000 professionals attend APA training sessions. Representing more than 20,000 members, APA is the industry's highly respected and collective voice in Washington, D.C. Visit APA online at **www.americanpayroll.org**.



Consumers Union
Nonprofit Publisher of Consumer Reports

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Joint Core Principles for Payroll Cards

The American Payroll Association, Consumers Union,[i] the Electronic Payroll Coalition[ii], and the National Consumer Law Center[iii] have identified and agreed to ten core principles regarding the use of payroll cards.[iv] These core principles are essential to promote a fair, safe, and convenient method of delivering wage payments to employees. Our groups are pleased to have reached the level of consensus described in these principles, and we offer them to all who are engaged in issuing, selecting, using, or regulating payroll cards. Not all issues are addressed in this document. Each organization may submit supplemental principles.

The ten core principles upon which the Organizations agree are as follows:

1. Employees must be able to access their full wages, at least once each pay period, without cost.
2. Cardholder fees to open or close a payroll card account, and fees that inhibit an employee's ability to access full wages at least once each pay period without cost, must be prohibited. Cardholders should not be assessed a fee for a replacement card unless they have already received one free replacement card during the calendar year.
3. The terms and conditions of the payroll card program, including all program fees that may be incurred by the employee, if any, must be provided to employees in a clear and conspicuous manner in paper or printable form before the employee is enrolled in a payroll card program.
4. Terms and conditions and fee disclosures must be provided in the languages the employer normally uses to communicate employment-related policies to their employees.
5. Employees should be provided an option to check account balances via an automated telephonic system and at least one additional electronic option. These should be offered without any cost to the employee.
6. Payroll cards should not be linked to abusive forms of credit, credit practices and fee-based overdraft programs.

7. Employers must select a program that maintains payroll funds in an FDIC- or NCUA-insured account on a pass-through basis to the individual cardholder.
8. The funds in a payroll card account shall not expire. This principle does not override any effect of state escheat laws.
9. If the payroll card has an expiration date, the employee must be provided with a free replacement card prior to the expiration date.
10. Employers who offer payroll cards must also offer direct deposit to a checking or savings account established by the employee at a bank or credit union of the employee's choosing. Direct deposit provides a safe, reliable and convenient method of wage payment for employees with bank accounts.

February 2011

Contact:

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Lauren Saunders, National Consumer Law Center (202) 452-6252 x 105
William Dunn, American Payroll Association (202) 232-6889
David Bellinger, Association for Financial Professionals (301) 961-8611
Ian Macoy, NACHA -- The Electronic Payments Association (703) 561-1100

To read Consumers Union and National Consumer Law Center's supplemental principles for payroll cards, click here.

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[i] Consumers Union of United States, Inc., publisher of Consumer Reports®, is a nonprofit membership organization chartered in 1936 to provide consumers with information, education, and counsel about goods, services, health and personal finance. Consumers Union's income is solely derived from the sale of Consumer Reports®, its other publications and services, fees, noncommercial contributions and grants. Consumers Union's publications and services carry no outside advertising. Consumers Union does not accept donations from corporations or corporate foundations. The work of Consumers Union's Financial Services Campaign is described at: www.defendyourdollars.org.

[ii] The Electronic Payroll Coalition consists of the APA, the Association for Financial Professionals, and NACHA – The Electronic Payments Association, which have joined to promote the benefits of all-electronic payroll (Direct Deposit and payroll cards) to employers and employees alike.

[iii] The National Consumer Law Center is a nonprofit advocacy organization that seeks to build economic security and family wealth for low-income and other economically disadvantaged Americans.

[iv] A "payroll card" is a reloadable prepaid card or other access device issued to an employee through a financial institution on behalf of an employer.

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Supplemental Principles for Payroll Cards

Consumers Union and the National Consumer Law Center worked with the American Payroll Association and Electronic Payment Coalition to develop 10 jointly agreed-upon core principles for payroll cards. Those joint principles represent serious progress toward ensuring employees receive important consumer protections when they are paid using a payroll card. However, the groups did not reach agreement on certain other essential issues for consumers, such as the issue of employee consent before enrollment in a payroll card program and the number of no-fee ATM withdrawals which should be made available to an employee for each per deposit. *Consumers Union and the National Consumer Law Center recommend the following additional protections for payroll cards:*

1. **Employees must not be signed up for a payroll card without their knowledge or without their consent.** Except in emergency circumstances, such as a regional disaster, employees should be paid via payroll card only if they have affirmatively signed up for this method of pay delivery. Consent to a payroll card program must not be a condition of hire or of continued employment. The alternative should be payment by check or direct deposit into an employee's pre-existing bank account.

2. **Employees must be informed about the terms and conditions of the payroll card program, with clear and conspicuous disclosures** providing information on all methods to withdraw funds without cost. Employees should be given a printable wallet-sized card listing all fees. The card should also include the customer service phone number and web address to access account information.

3. **Employees must be permitted to withdraw funds without a fee from an ATM in the network offered by the card issuer at least twice a week.** The network must have ATMs within a reasonable geographical distance from the employee's place of employment.

4. **If charged, the following fees undermine the principle of providing employees access to the full amount of their wages**: initiation, loading and participation fees; account maintenance fees; inactivity or dormancy fees; low balance and declined transaction fees; and fees to obtain a refund by check to close out the card. All of these fees should be prohibited.

5. **Payroll cards should not be linked to any lines of credit.** Overdrafts should be prohibited, to the extent technologically possible. Fees for overdraft, shortage, cash advance, and payday loans should be prohibited.

6. **Fees to access balance or other account information online, at ATMs, by Interactive Voice Response (IVR), or through any other automated system should be prohibited** and cardholders should be provided at least three free telephone calls to a live customer service representative per pay period.

7. **Cardholders should be able to enroll easily in a plan providing monthly paper statements, at no cost to the employee, by making a one-time request at any time.** This option must be clearly disclosed to cardholders at enrollment and on the issuer's website. Transaction information should be available online for transactions in at least the previous 12 months.

8. **Cardholders who have not chosen to receive regular paper statements should be provided a paper record of any transactions in the previous 24 months, upon request.** Cardholders who have not signed up for periodic paper or electronic statements and have not accessed their electronic transaction history in the previous 12 months must be mailed notice once a year with the current balance of their account and their right to obtain ad hoc or regular annual or periodic statements.

9. **When employers offer payment on a payroll card or via direct deposit under Joint Principle #6, employers should offer direct deposit to a bank account of the employee's choosing as the first option.** Employees must have the right to receive a paper check if they so request.

10. **A payroll card must not be used for final pay when the employee has not been enrolled in the payroll card program prior to that time.**

February 2011

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These principles are intended to be used in conjunction with the joint principles on which the stakeholders did reach agreement. To read the joint principles, click here.

By Kathy Kristof | CBS MoneyWatch | July 10, 2013
http://www.cbsnews.com/8301-505144_162-57593101/beware-employers-bearing-costly-payroll-cards/

Beware employers bearing costly payroll cards

(MoneyWatch) Consumers once had to beware their bank. Today they may need to be equally cautious when dealing with their payroll department now that paying workers with plastic rather than checks has become a burgeoning business.

An increasing number of employers, schools and government agencies are loading pay and benefits onto prepaid debit cards, which payroll departments laud as an attractive alternative to paper checks. Payroll professionals have reason to be enthusiastic. Replacing paper checks with reloadable plastic cards can save check issuers millions each year.

That financial incentive is helping to fuel explosive growth in the industry, which has tripled in size over the past five years and is likely to double again by 2015. Mercator Advisory Group estimates that some $76.7 billion was loaded onto prepaid cards in 2012 and that total will rise to $168 billion by 2015. Aite Group estimates that 4.6 million payroll cards were active last year.

By contrast, payroll cards' impact on employees and other consumers is drawing concern from consumer advocates. These cards are largely unregulated and come with a bevy of service fees, they say. Where regulators have barred a range of fees on ordinary debit and credit cards, prepaid debit cards -- which work much the same way -- are mostly exempt.

As a result, payroll card users may incur fees for "inactivity" -- in other words, you didn't spend down your balance fast enough.

The largest issuer of payroll cards, NetSpend of Austin, Texas, levies as many as 18 different fees on its cardholders, according to CardHub.com, a credit and debit card comparison site. By comparison, the average prepaid card charges as many as 10 different fees, although the best issuers limit the charges to a relative few, according to Odysseas Papadimitriou, chief executive of CardHub and the author of a just released study of on the best and worst prepaid cards.

Among the most egregious fees on payroll cards are those that charge consumers to simply see their remaining balance, says Joseph Ridout, consumer services manager with Consumer Action, a San Francisco advocacy group.

"Balance inquiry fees punish people for being financially responsible -- for checking the balance in their account before they spend," he says. And because these cards are used to pay public benefits to some of the poorest Americans, Ridout adds that the nagging fees are being borne by the segment of society that can least afford to pay.

In some cases, meanwhile, employers and government agencies even get kickbacks from the banks that issue the prepaid cards, according to a recent New York Times report. McDonald's (MCD), Taco Bell,

Walgreen (WAG), Wal-Mart (WMT) and other major employers were loading hourly workers' pay onto these cards, creating a financial burden on employees, the paper found. One worker quoted in the story, who earns $7.25 an hour, said he spends an average of $40 to $50 per month on fees associated with the prepaid debit card he receives in lieu of a check.

Such controversy recently led one McDonald's franchisee to announce that it would stop making payroll cards mandatory after getting sued and becoming a target of a New York state investigation.

Although companies and the issuing banks maintain that prepaid cards are a benefit to the roughly 10 million Americans who don't have bank accounts, critics say many workers have no option of getting their pay in any other way, even when they do have a bank account.

CardHub's survey found that while the fees on these cards have come down as the industry has become more competitive, consumers could end up spending as much as $360 annually -- $30 a month -- with normal use of these cards. However, every card has a slightly different fee structure, and most allow a certain number of free transactions, so it's difficult to generalize about how much any given card will cost. It depends in part on how the consumer uses it.

Compounding the problem is that fee disclosures are often lacking, or so confusing that consumers accidentally trigger fees in ordinary use. Worse, debit cards were initially sold as budget tools that guaranteed you couldn't overspend your wealth. The notion was that once you'd spent the amount you had in your account, any further purchases would be denied. Parents were even encouraged to use prepaid cards to manage their kids' allowance for this reason -- the thinking went that prepaid card would stop teens from overspending and teach worthwhile lessons about handling their finances.

However, while recent federal law stopped banks from allowing overdrafts on ordinary debit cards without the consumer's express approval, prepaid cards are increasingly providing automatic "overdraft protection" -- at a steep cost of roughly $25 per overdraft.

New York lawmakers are now considering whether to regulate payroll cards, while the federal Consumer Financial Protection Bureau has promised to weigh in soon on the products. In the meantime, employees and other consumers who are issued the cards in lieu of a check must protect themselves.

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Forbes



Halah Touryalai, Forbes Staff
I stalk Wall Street. Stopping short of phone hacking, of course.

INVESTING | 7/23/2013 @ 11:57AM | 14,831 views

Are Hourly Workers Being Short-Changed? The Truth About Payroll Cards

We live in a fee-based world where there's a price to pay even when collecting your paycheck.



"The underlying principle of the laws boils down to this: Employers cannot compel workers to take their pay in a way that costs them money."

That's what some hourly workers including those at McDonalds are saying, and the New York Attorney General is listening to them.

New York AG Eric Schneiderman is currently investigating whether major businesses like McDonalds, Home Depot Walmart, Walgreens, Time Warner Cable and Darden Restaurants are short-changing their hourly workers.

It's not so much about how much they're paying the employees but rather *how* they're paying out the wages.

At issue is a somewhat controversial method of payment: the payroll card.

Employers use payroll cards to deposit paychecks for employees without checking accounts, and they work much like a traditional debit card.

But because there's a rising number of people without traditional checking accounts employers have come up with the payroll card alternative in lieu of paper checks. Each electronic payroll payment is less expensive than a paper check payment by $2.75, according to the American Payroll Association.

In 2012, $34 billion in gross dollar volume was loaded on 4.6 million active payroll cards, according to Aite Group, a financial services consulting firm. It expects gross dollar volume for loads to grow to $68.9 billion and active payroll cards to reach 10.8 million by 2017.

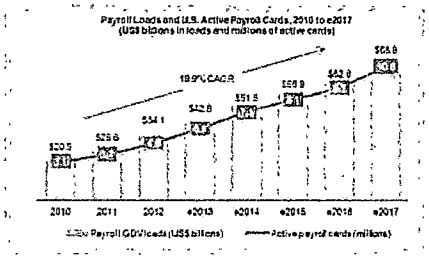
The NY AG thinks payroll cards can be a costly option for workers, especially if the employees are not being given the choice to opt for a paper check.

The issue is crucial for many of the hourly wagers who are often paid minimum wage. An in-depth report by the *New York Times* found that one provider charged $1.75 to make a withdrawal from most A.T.M.'s, $2.95 for a paper statement and $6 to replace a card while some have to pay $7 inactivity

fees for not using their cards. Among the worst scenarios are employers who may refuse to switch the payroll method away from the prepaid cards.

Those are the types of cases the NY AG will likely be going after. Wage laws vary by state but many statutes require employers to pay employees "without discount "without any reduction" or "without cost." That means it shouldn't cost employees to retrieve their wages.

"In the context of payroll cards, most states interpret this requirement to mean that employees must be provided at least one means of accessing their full wages each pay period that lacks fees or deductions," according to a report from Aite Group. From the report:



The payroll card market is expected to grow to 10.8 million cards with nearly $70 billion in loads in 2017. source: Aite Group

> "ATM withdrawals alone do not satisfy this requirement because employees are not able to access their full wages—to the penny—without fees from an ATM machine. Bank-imposed limits on the amount of funds that can be withdrawn from an ATM machine in one day are part of the issue, together with the fact that ATM machines only dispense cash in US$5, US$10, or US$20 increments and not down to dollars and cents.

Here's how Ben Jackson of Mercator Advisory Group, a consumer payments research firm, explains it, "The payroll laws vary from state to state, but the underlying principle of the laws boils down to this: Employers cannot compel workers to take their pay in a way that costs them money."

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However, if the employee choose to use a bank account that charges a monthly fee, for example, or take the paycheck to a check casher that charges a fee, that's okay because it is the employee's choice to pay the fee.


"The issue is not about payroll cards but rather how they are implemented."

Adds Jackson, "But an employer cannot tell a worker that they must use a certain check casher, a certain kind of account, or a certain payroll card. In some states, employers can says that an employee must be paid electronically, but they generally need to offer a choice."

There are also federal laws that indirectly protect wages like the Fair Labor Standards Act which says employees must receive all their wages in full.

Regulators want to make sure employers are offering more than just payroll cards as a way for employees to retrieve their money since there are fees associated with the payment method.

McDonald's stores are franchised by individual owners. Each franchisee can decide how its employees are paid. That may explain the now infamous case of a one former McDonald's worker who is suing the company for allegedly forcing her to use a costly JPMorgan Chase payroll card.

Around the country payroll cards are issued by eight big banks JPM, Bank of America, Wells Fargo, Citi ,U.S. Bank, PNC, Comerica, and BB&T. There are

some non-bank companies that also issue cards after partnering with banks and include ADP, First Data, Netspend and Comdata.

Banks receive administration fees for providing the payroll service. Initial startup costs for payroll card programs cost on average $550, according to Aite group. The real money maker on these programs, like most banking products, are the fees banks can collect.

But Aite Group senior analyst Madeline Aufseeser says the fees to individuals with payroll cards are not very different from traditional debit cards fees, and calls the the *Times* story a "misnomer." She says, "Just like any debit card, if you use your card outside of your network you'll be charged a fee."

As for the other fees like point-of-sale charges, she says they're uncommon.

"A payroll card cannot charge a monthly maintenance fee, and they need to provide at least one free ATM transaction per pay period. Other fees are often similar, but as with bank accounts, the fees on prepaid cards of all types are often dependent on how they are used," Jackson notes.

Another important point: payroll cards are indeed FDIC insured. "Payroll cards are subject to more regulation than general purpose reloadable cards," Jackson says.

But not all payroll cards are created equal. McDonalds worker Amere Graham,18, in Milwaukee says he opted for the payroll card because, as he understands it, there is a deduction taken when employees choose paper checks. A message left for the franchisee who owns the McDonalads Graham works for has yet to be returned.

Graham says the payroll card, issued by JPMorgan Chase, also charged him fees. While there is no monthly fee Graham says he's hit with ATM fees when withdrawing money–even at Chase ATMs. A phone and email left for JPM have yet to be returned.

Graham is planning to open his first checking account with his next pay check at TCF Bank. The bank will charge him a $25 fee upon opening the account but there's no monthly fee nor fees for transactions at the bank's ATMs.

Jackson, of Mercator Advisory, says the issue is not about payroll cards but rather how they are implemented. "They can be useful for people who don't have or can't get a bank account. But a McDonalds manager, for example, isn't a payroll expert and he may be misrepresenting things when the payroll card is offered," Jackson says.

This article is available online at:
http://www.forbes.com/sites/halahtouryalai/2013/07/23/are-hourly-workers-being-short-changed-the-truth-about-payroll-cards/

HB 1404, relative to payroll cards.

Testimony of the New Hampshire Bankers Association

Presented by Tom Fahey, Vice President

Before the House Labor, Industrial and Rehabilitative Services Committee

Tuesday, January 28, 2014

Good afternoon, Chairman White and members of the Labor and Industrial and Rehabilitative Services Committee. My name is Tom Fahey. I am Vice President of Government Relations for the New Hampshire Bankers Association, a statewide, not-for-profit trade association representing the FDIC-insured banking industry in our state. Our membership consists of 36 banking institutions, representing nearly 6,000 bank employees throughout New Hampshire.

I am here today to speak in opposition to HB 1404, relative to payroll cards, as introduced. Payroll cards can be a valuable tool for business and workers, but this bill sets up stringent limitations on the issuance and use of payroll cards that could discourage their use altogether. That would be a loss for New Hampshire business and workers.

Businesses would lose out on the savings they can realize by not having to issue paper paychecks and paystubs to their employees. It should be remembered that under state and federal law, an employer cannot issue pay through payroll cards unless the employee agrees.

Workers would lose out on the opportunity for easier access to the financial system, especially for those who do not have bank accounts. Payroll cards also offer these workers access to the digital marketplace, where online purchases and retail card swipe devices prevail; and they allow workers to take out their full pay, if they wish, in one free transaction at any bank that accepts a major payment brand, like a VISA or MasterCard system, that is tied to the card.

New Hampshire has very strict guidance already in law – RSA 275:43 – on payroll card programs: when they can be issued to workers, disclosures that must be made on all pertinent fees; mandatory free access to pay; costs employers must absorb; when cards must be replaced; advance notice of any change in fees, and easy withdrawal from a payroll card system.

In addition to those areas covered by state law, workers also have a long list of federal protections in place through Regulation E, administered by the Consumer Financial Protection Bureau. Regulation E also requires monthly statements, either on paper or electronically, that list payments, deposits, any charges incurred, as well as account balances at the beginning and end of the statement period.

In Regulation E there are rules in place regarding telephone service lines for card holders to check on transfers and balances. There are limits on liability if a card is lost or stolen, or if unauthorized transfers occur. It sets a minimum 21 days advance notice for any increase in fees, liability or limitations on electronic fund transfers.

"Reg E," as it is known, also states that disclosures to a worker must be "clear and readily understandable, in writing, and in a form the consumer may keep."

With all these protections in place, it is hard to understand the need for much of what is in HB 1404. The bill requires payroll card issuers to provide free transactions and services to which no other financial services customers are entitled. It seems to be in conflict with itself by requiring three free withdrawals of funds in Section 1, I(d), but elsewhere seems to require unlimited withdrawals through a teller or ATM at the issuing bank [Sec. 1, II, (g)(4)].

Rather than encourage responsible behavior on the part of card users, the bill would shift the burden of irresponsible behavior onto employers and financial institutions. We all know the risks that go with writing a check with insufficient funds or trying to repeatedly withdraw funds from a depleted account. NHBA feels it is unrealistic to set up a system that says a card holder must have unlimited free overdrafts and three calls to a live customer service representative every week.

HB 1404 is very similar to a measure that passed the California legislature in 2011. That bill, however, did not become law. It was vetoed by Governor Jerry Brown, who wrote in a veto message "this bill goes too far ... A likely result of these mandates is that banks and employers may simply stop offering this service, injuring the very workers this bill aims to protect."

The New Hampshire Bankers Association is ready to work with the committee as it deliberates HB 1404, but we urge you to reject the bill in its current form.

Thank you for your time and for your service to our state.

Rep Cahill

TRANSACTION	CARDHOLDER FEE
ATM withdrawal (U.S.)	$1.50 per transaction
ATM withdrawal (outside U.S.)	$3.00 per withdrawal
Point-of-Sale transactions: PIN and Signature-based	FREE
Over-the-counter cash withdrawals	5 free per month, then $5.00 thereafter
ATM balance inquiry (U.S.)	$1.00 per inquiry
ATM balance inquiry (outside U.S.)	$8.00 per transaction
ADDITIONAL SERVICES	
Monthly paper statement (optional)	$1.00
Monthly statements via Internet	FREE
Replace lost/stolen card	$15.00 per card
Expedited card delivery	$25.00 includes card
Declined transactions (U.S.)*	$1.00 per transaction
Copy of Statement	$10 per request
Check to close account	$12.00 per account
Inactivity fee (after 90 days of inactivity)	$3.00 per month
Foreign exchange conversion rate	3.5% per international transaction

Rep Cahill

Nickeled, Dimed, and Dollared to Death: Fee-Laden Payroll Cards Forced On Low-Wage Workers

A recent lawsuit and reports from regulators and consumer advocates suggest that some of the most abusive fees are being forced on those least able to protect themselves

By Martha C. White July 09, 2013

Thanks to a combination of public scrutiny and competition, the worst of the worst prepaid debit card fees have been pushed to the fringes of the financial world. But a recent lawsuit and reports from regulators and consumer advocates suggest that some of the most abusive fees are being forced on those least able to protect themselves: low-skilled workers in retail and restaurant jobs.

Remember that a big reason many people use prepaid cards in the first place is that they're unable to establish the credit history required to get a conventional credit card, that they can't afford the fees that many banks charge for checking accounts with a debit card privileges, or both. Because these customers — often referred to as the "unbanked" — have so few alternatives, many financial companies saw an opportunity to take advantage of the situation by tacking on fees for everything from overdrafts to simply using the card for purchases to closing an account. But as financial heavy hitters like JP Morgan Chase and American Express got into the business, drawing more scrutiny and bringing competition into the market, the most abusive of these practices have become less common.

But that hasn't been the case with so-called payroll cards, a kind of prepaid debit card that employers are increasingly using to pay low-wage workers rather than cutting checks or direct deposit. In this market, combination of minimal competition and employers who are unwilling or unable to demand fewer fees for their workers, has created a product ripe for exploitation. Employees are often automatically enrolled in payroll card programs and forced to jump through bureaucratic hoops to opt out, as the *New York Times* recently reported.

"This is, in some ways, a hidden market. It's not a card that's offered to the public, so it doesn't get scrutinized by the public," says Lauren Saunders, managing attorney at the National Consumer Law Center. "Employees have no say in negotiating the fees."

For their part, employers maintain that many employees can't accept direct deposit because they don't have checking accounts — and that the fees associated with prepaid cards are smaller than what employees would have to pay to a check cashing service. But those arguments haven't satisfied worker advocates or many employees, who at least want the option to avoid fees. In June, Natalie Gunshannon, a former McDonald's employee in Pennsylvania who had been earning just over the minimum wage of $7.25 an hour, filed a class-action suit against the franchise owner, claiming she was required to take her pay via a JP Morgan Chase prepaid debit card that was loaded with

fees, according to Philly.com. According to the complaint, the fees included a $1.50 charge for ATM withdrawals, $5 for over-the-counter cash withdrawals, $1 per balance inquiry, 75 cents per online bill payment, and $15 for lost/stolen card.

Saunders adds that some cards charge a $7.50 "inactivity fee" after only 60 days of dormancy; $10 to close an account and receive any remaining funds on a check; and $25 for overdrawing the balance. ("We think overdraft fees are totally inappropriate on payroll cards," she says.) Even trying to avoid some fees can trigger others: Some cards charge users when they make a purchase using their PIN, which is usually the best way to avoid ATM fees.

Why do employers force payroll cards on workers? It appears that payroll debit cards are essentially a way for companies to shift the cost of payroll processing to employees. Card providers promise big savings for companies that use them. A calculator on Visa's payroll card webpage for businesses says a company with 250 workers getting paid biweekly could save more than $10,600 a year. Some employers are also promised a bonus for every worker they sign up. The *New York Times* found that the city's Housing Authority contract with a payroll provider says the agency "stands to receive a dollar for every employee it signs up to Citibank's payroll cards."

"That could lead them to inappropriately steer people to the payroll card," Saunders says.

The pitch appears to be working. "We added approximately 200 new corporate clients, bringing our total count to more than 1,400" companies, Daniel Henry, CEO of Netspend, one of the industry's biggest providers, told investors earlier this year. (Netspend, which also offers general purpose reloadable debit cards, was recently acquired by Total System Services.) Netspend said in a March SEC filing that nearly three-quarters of its revenue in the first quarter of the year came from service fees, a total of nearly $85 million.

It seems some government agencies are starting to question the claims that these cards are a win-win for everybody. The *New York Times* reported last week that the New York state attorney general's office launched an investigation, asking 20 large employers, including McDonald's, Walgreens, and Wal-Mart, to provide information about their payroll debit card policies and practices. And *The Times-Tribune* of Scranton, Pa., reports that the McDonald's lawsuit has prompted the U.S. Department of Labor to look into the issue.

Rep Cahill

Feds: Employers can't force payroll debit cards on workers

Herb WeisbaumNBC News contributor

Oct. 2, 2013 at 10:25 AM ET

Paychecks are so yesterday.

Many employers prefer to use a prepaid debit card, what's commonly called a payroll card, to pay their employees. This may be convenient for them, but they cannot force you to receive your wages this way.

The Consumer Financial Protection Bureau recently issued a letter to employers reminding them of the law and warning them that the bureau intends to use its enforcement power to stop violations.

"Employees have a choice," said Marla Blow, an assistant director at the CFPB. "It's the law."

The CFPB has received complaints from employees that some companies – especially fast food restaurants and retail stores – pay all of their employees with payroll cards. Workers said they were upset about high and unexpected fees for routine transactions, such as checking the card balance and withdrawing cash.

Natalie Gunshannon used to work at a McDonald's franchise in Dallas, Pennsylvania. She asked for direct deposit to her credit union, but was told a payroll card – one loaded with fees – was her only option.

"No one should be forced to pay a fee to get their hard-earned wages," she told me. "They were taking advantage of people who cannot afford to pay these fees."

Gunshannon said she feared that once all the fees were taken out, her pay would go below minimum wage.

Shortly after quitting, Gunshannon sued the franchise owners and posted a petition on Change.org asking McDonald's to "stop paying employees with debit cards loaded with fees" and to ensure franchisees give employees more options for payment. Her petition has been signed by 300,000 people. McDonald's did not respond to our request for a comment. The owners of the franchise did change their policy and now offer direct deposit and paper paychecks to their employees.

Use of payroll cards will grow

Nearly 4.5 million U.S. workers got their wages – totaling $34 billion – on a payroll card last year, according to the Aite Group, a financial research and consulting firm. The company predicts those numbers will more than double over the next four years.

"Prepaid cards provide value for both employers and employees," said Madeline Aufseeser, a senior analyst at the Aite Group. "It's significantly cheaper than cutting a check and it also provides added safety and security." (Aite estimates that an electronic payroll payment, in any form, is $2.75 less than using a check.)

The Retail Action Project (RAP), an advocacy group that tries to improve workplace standards in the retail industry, worries that many low-wage employees don't know their rights and are being exploited.

"The CFPB's action is a step in the right direction, but it doesn't eliminate all of the problems we're seeing with these cards," said Yana Walton, RAP's communications director. "Some large retailers sign up employees for prepaid debit cards as a default payment option, instead of letting them pick from all of the options in the beginning. So, they may incur fees before they transfer to a different payment method."

In its bulletin, the CFPB also reminded employers that workers who choose to receive their wages via payroll card are entitled to specific protections, including:

•Fee Information: Any fees for electronic transfer of funds to or from the card must be clearly disclosed in writing and in a form the employee may keep.

•Access to account information: The balance on the card must be available by phone. The 60-day account history (including any fees for fund transfers) must be accessible online as well as in writing, if requested.

•Unauthorized use: The employee's liability is limited as long as the unauthorized use is reported within a certain time period.

•Error resolution: If the cardholder reports a payroll card error within a certain time period, the financial institution must respond.

New York Attorney General Eric Schneiderman is looking into whether payroll card rules are being broken in his state.

"No worker should have to accept a form of payment that reduces take-home pay and leads to hundreds of dollars in fees," Schneiderman said in a statement to NBC News.

This summer, Schneiderman's office sent letters to 42 companies doing business in New York, including national retailers such as Best Buy, Costco, Home Depot, Sears, Walgreens and Wal-Mart, asking them to provide information about their payroll card policies and procedures. (*See a full list at the bottom of this story)

Payroll cards are not necessarily a bad way to get paid

The National Consumer Law Center (NCLC), which represents low-income consumers in the marketplace, believes payroll cards can benefit employers and offer workers without a bank account "an economical, safe and convenient way to receive their wages" if the program is well-designed.

"For unbanked workers, payroll cards can mean no check-cashing fees, greater security without the risk of cash, access to pay despite natural disasters and the ability to make purchases over the Internet and by telephone," said Lauren Saunders, an attorney with the NCLC.

NCLC and the American Payroll Association recently issued a joint statement that spelled out best practices for employers. They include: using a card that is widely accepted, providing clear information about fees and training on how to best use the card, and allow workers to access their full wages in cash – without a fee – at least once each pay period.

*The New York Attorney General sent letters to: Abercrombie & Fitch, Ann Taylor, Bed Bath & Beyond, Best Buy; Big Lots, Burlington Coat Factory, CBS, Chipotle, Church's Chicken, CKE Restaurants (Carl's Jr., Hardee's, Green Burrito and Red Burrito), Claire's, Coach Leatherware, Costco, Cracker Barrel, Darden Restaurants (Red Lobster, Olive Garden, LongHorn Steakhouse, Bahama Breeze, Seasons 52, The Capital Grille, Eddie V's and Yard House), Dollar Tree, DSW, Home Depot, Houlihan's, Kohl's, Limited Brands (Victoria's Secret, Bath and Body Works, Pink, La Senza and Henri Bendel), Liz Claiborne, Long John Silver, Macy's, Office Max, Payless, Petco, Ruby Tuesday, Sears, Staffmark, Starwood, Supervalu, Time Warner Cable, The Jan Companies (owns Burger King at 106 Fulton St. in NYC), TravelCenters of America, UNO, Walgreens, Wal-Mart, Wendy's, White Castle, Yum! Brands (KFC, Pizza Hut and Taco Bell) and Zara.

Herb Weisbaum is The ConsumerMan. Follow him on Facebook and Twitter or visit The ConsumerMan website.

(The Associated Press contributed to this story)

MasterCard sets new standards for payroll cards

The Associated Press

Dec. 13, 2013 at 2:47 PM ET

PURCHASE, N.Y. — MasterCard has set new standards for its payroll cards, and says it should help employees take better advantage of its benefits.

Payroll cards, which are similar to debit cards, are a means for an employer to pay employees. They typically are used as a way to deposit paychecks for workers who do not have access to a traditional checking account.

The cards have stirred controversy. Proponents say they are the equivalent of cash or checks and give people access to funds in a fashion they can easily use. But critics point to fees to use the cards as a burden on low-wage workers who receive them as payment.

The Consumer Financial Protection Bureau issued a warning to employers about such cards in September based on complaints about fees. And the New York Attorney General's office began looking into about 20 companies for use of such cards to pay employees to ensure they comply with consumer-protection laws.

MasterCard said Friday that its new standards will require employers to offer cardholders greater insight on the cards through educational resources and increased transparency of any fees. It says the standards ensure the employee has a fee-free way to access their pay and check available balances.

Payroll cardholders can access their full pay for free at least once per pay period under the new standards and employees will have a choice of how they are paid — by card, direct deposit or other means — as required by law.

"Payroll cards serve as one way to bring the traditionally underserved into the financial mainstream," Ron Hynes, group executive of Global Prepaid Solutions at MasterCard, said in a statement. "These standards will help ensure that employees not only understand the choices available, but allow them to take advantage of benefits like direct deposit, online shopping and bill payment that have not been traditionally available to them."

All new MasterCard payroll card programs will need to meet these standards as of July 1 and existing programs will have until Oct. 1, 2014, to make any necessary adjustments.

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Sep 12 2013

CFPB Bulletin Warns Employers Against Exclusive Use of Payroll Cards

Bulletin Highlights Federal Consumer Protections for Holders of Payroll Cards

WASHINGTON, D.C. — Today the Consumer Financial Protection Bureau (CFPB) published a bulletin reminding employers that they cannot require their employees to receive wages on a payroll card. The bulletin also explains some of the federal consumer protections that apply to payroll cards, such as fee disclosure, access to account history, limited liability for unauthorized use, and error resolution rights.

"Employees must have options when it comes to how they receive their wages," said CFPB Director Richard Cordray. "Today's release warns employers that they cannot mandate that their employees receive wages on a payroll card. And for those employees who choose to receive wages on a payroll card, they are entitled to certain federal protections."

The CFPB has heard reports of employers, particularly in the retail and food service industries, distributing wages solely through payroll cards. Federal law, however, prohibits employers from mandating that employees receive wages exclusively on a payroll card. Payroll cards fall under the CFPB's jurisdiction under the Electronic Fund Transfer Act (EFTA) and Regulation E. State law typically governs which alternative payment methods employers must offer.

Some employees receiving wages on employer-sponsored payroll cards have complained of unexpected fees for activities such as ATM use, teller withdrawals, and checking the balance of a card. Federal law contains provisions specific to payroll cards that provide employees with certain consumer protections, including:

- **Disclosure of fees:** Payroll card holders are entitled to receive disclosures of any fees that they may incur for electronic transfers of funds to or from the card. These disclosures must be clear, in writing, and in a form that consumers may keep.
- **Access to account history:** The card issuer must either provide periodic statements or generally make card holders' account balances and 60-day account histories available — by phone for the balance, and online, as well as in writing if requested, for the account history. The account history must include information on any fees imposed for fund transfers.
- **Limited liability for unauthorized use:** Payroll card holders' liability for unauthorized use of their cards is limited, provided the unauthorized use is reported within a certain period of time.

- **Error resolution rights:** If a card holder reports a payroll card account error, the financial institution must respond so long as the report is received within a certain period of time.

With some limited exceptions, the CFPB has authority to enforce the EFTA and Regulation E against anyone who violates them, including employers and the financial institutions that issue payroll cards. The Bureau intends to use its enforcement authority to stop violations before they grow into systemic problems, maximize remediation to consumers, and deter future violations. The Bureau also has supervisory authority over larger depository institutions engaged in, among other things, providing payroll cards. The Bureau will be looking to ensure that entities comply with federal consumer financial laws.

Today's bulletin is available at:
http://files.consumerfinance.gov/f/201309_cfpb_payroll-card-bulletin.pdf

CashPay®
Schedule of Fees –
State of Washington

State (Employer)

Enrollment –

Account owner electronic enrollment ..... *waived*
Web application monthly access fee ..... *waived*
Funding –
ACH ..... No CashPay fee – Standard ACH per-item fee
Web exception funding (optional) ..... *waived*

Account owner (Employee) – Complete fee schedule

Monthly fees –

Monthly maintenance ..... *waived*
ATM and purchase transaction fees –
ATM withdrawal domestic* ..... One free per week at Bank of America ATMs, $1.50 for all others
ATM withdrawal international ..... $3.50 each
ATM balance inquiries** ..... *waived*
ATM transaction decline ..... One free per week, $0.50 thereafter
Signature-based purchase at Visa merchants*** ..... Free
Pinned POS purchase (Visa card only) ..... *waived*

Other service fees –

Automated customer service inquiry ..... *waived*
Live customer service inquiry ..... One free each month, $1.50 for each additional call
International customer service inquiry ..... One free each month, $5.00 for each additional call
PIN changes ..... *waived*
Emergency cash transfer for remaining account balance (under $20.00) ..... One free per year
Emergency cash transfer domestic $15.00
Emergency cash transfer international $30.00
Cash access *(limited to available balance only)**** ..... *Two free each month, $5.00 for each additional*
Enrollment via telephone or Internet $7.00
Card replacement domestic *$5.00*
Card replacement – Express delivery (additional charge) $15.00
International transaction fee ..... Two percent of U.S. dollar amount of transaction
Negative balance fee $15.00
ACH debits for bill payments ..... *waived*
Duplicate statement ..... *waived*
Account closure fee (check issued) ..... *waived*

All account-owner fees may be paid by the company. For the non-Visa card, there is no charge for pinned POS purchases and the monthly fee is $2.00 for each account owner per month. Note: All account-owner fees are subject to review and change.

*ATM owners may choose to charge an additional convenience fee or surcharge (a sign should be posted at the ATM to indicate additional fees); however, ATMs displaying Bank of America signs will not charge any additional surcharge to CashPay cardholders.

**Balance inquiries may not be available at all ATMs outside the United States.

***This feature is only available with the CashPay Visa card.

1 Member FDIC. ©2007 Bank of America Corporation. Bank of America, N.A.

Regulation E: Payroll Card Provisions

Requirement Categories	Legal Requirement
Definition of "Payroll Card Account"	"Payroll card accounts" are defined as accounts that are directly or indirectly established through an employer, to which electronic fund transfers (EFTs) of the employee's wages and other compensation are made on a recurring basis. • For purposes of Regulation E, "payroll cards" do not include cards used solely to disburse incentive based payments which are unlikely to be the employee's primary source of compensation, or cards used in isolated instances only such as for termination pay. Regulation E (Reg. E), 12 CFR 1005.2(b)(2); Official Staff Interpretations § 1005(b).
Employee Choice and Consent Requirements.	**Establishing a Payroll Card Account.** The EFTA and Regulation E prohibit financial institutions and other persons from requiring an employee to establish an account for the receipt of EFTs with a particular institution as a condition of employment. This provision has been interpreted to mean that an employer may not require its employees to receive their wages by direct deposit to a particular financial institution. If mandatory direct deposit is otherwise permitted, the employee must be allowed to designate the financial institution. 12 C.F.R. 1005.10(e); *Official Staff Commentary to Regulation E,* § 210.10(e)(2). **Issuing of a Payroll Card.** A financial institution may issue an access device (e.g, a payroll card) to a consumer only: • In response to an oral or written request for the device (an employee is deemed to request a payroll card when he/she chooses to receive compensation through a payroll card), • As a renewal of an accepted device, or • On an unsolicited basis if the card is not validated, is accompanied by disclosure of the employee's rights and liabilities, and is validated only in response to the employee's oral or written request after verification of the employee's identity.

	Reg. E, 12 CFR § 1005.5; Official Staff Commentary at § 1005.18.
Pay Card Disclosures	Financial institutions that issue payroll cards must make the following disclosures: **Initial Disclosures.** At the time the employee contracts for the service or before the first transfer is made, the financial institution must provide a disclosure addressing potential fees, liability for unauthorized transfers, limits on the amount and frequency of electronic fund transfers, error resolution procedures and the use and disclosure of nonpublic personal information. **Periodic Disclosures or Alternative Thereto.** Financial institutions that issue payroll cards must provide employees with periodic statements that contain transaction information, as well as account balance, fees and contact information. Alternatively, the financial institution may make account and transaction information available on an ongoing basis. *See* the discussion under "Transaction Histories" for additional information. **Error Resolution Notice.** At least once each calendar year, the financial institution must mail or deliver an error resolution notice to the employee. Alternatively, the institution may include an abbreviated notice on or with each periodic statement or, if the alternative to periodic statements is used, on or with each electronic or written history provided. Reg. E, 12 CFR §§ 1005.9, 1005.11.[1]
Transaction Histories	***Periodic Statements.*** Under Regulation E, a financial institution must send a statement for each monthly cycle in which an EFT has been made to or from the payroll card account, or quarterly if no EFTs have occurred. The statement must include the following: • Transaction information, including date, amount and type of transfer. • Account number,

[1] In addition to the Regulation E disclosures, Regulation P requires financial institutions to provide a privacy notice to payroll cardholders when the relationship is first established and at least annually thereafter. The notice must explain the information the institution gathers about customers, how the information is shared, how the company safeguards the information, and whether the customer may opt out of disclosure. 15 USC § 6803, Reg. P, 12 CFR Part 1016.

	• Amount of fees assessed against the account during the period for EFTs, the right to make EFTs and for account maintenance, • Account balance at the beginning and closing of statement period • Address and telephone number for inquiries • Telephone number the employee may call to ascertain whether preauthorized transfers have occurred. ***Alternative to Periodic Statements.*** A financial institution need not provide periodic statements to payroll cardholders if it makes the following information available: • Account balance through a readily available telephone line, • Electronic history of account transactions that covers at least 60 days preceding the date the consumer electronically accesses the account, and • A written history of account transactions provided in response to the employee's request that covers at least 60 days preceding the date the financial institution receives the request. Reg. E, 12 C.F.R. §§ 1005.9(b), 1005.18(b).
Fee Prohibitions	Regulation E does not include any express fee prohibitions. However, the Board of Governors of the Federal Reserve System takes the position that financial institutions should not charge fees for any aspect of the error resolution process, which may include fees for paper transaction histories. Official Staff Interpretations §1005.11(c) (such fees may have a chilling effect on the ability of consumers to obtain information about transactions and, thus, to exercise their error resolution rights).
Balance Inquiries	Regulation E requires that financial institutions notify consumers when a preauthorized transfer (e.g., a deposit of wages) has occurred, or provide the consumer with a readily available telephone line that may be used by consumers to determine whether the transfer has occurred. In addition, a financial institution that relies on the alternative to periodic statements for payroll card accounts, must make the cardholder's balance accessible through a readily available telephone line. 12 CFR §§ 1005.10(a), 1005.18(b).
Rules Regarding Overdrafts	A financial institution may not charge a fee to an employee's

	payroll card account for paying an ATM or one-time debit card transaction under an overdraft service unless the employee has affirmatively opted into the service after receiving a notice describing the service. Reg. E, 12 CFR § 1005.17.
Limited Liability for Lost or Stolen Cards	Under Regulation E, an employee may limit his or her liability for unauthorized transfers resulting from a lost or stolen payroll card by notifying the financial institution of the loss or theft in a timely manner. • Maximum liability is $50 if the employee notifies the financial institution within 2 business days after learning of the loss or theft • Maximum liability is $500 if notice is provided after 2 business days of learning of the loss or theft • Liability may be unlimited if the employee failed to provide notice within 60 days of electronically accessing the account or receiving a written history showing the error. Reg. E, 12 CFR § 1005.6(b).[2]
Confidentiality	The Gramm-Leach-Bliley Act (GLBA) requires financial institutions to protect the security and confidentiality of their customers' nonpublic personal information. In addition, the GLBA limits the circumstances under which financial institutions may disclose nonpublic personal information about a customer to nonaffiliated their parties. 15 USC §§ 6801-6809; Reg. P, 12 CFR Part 1016.
Ability to Change Payment Method	The FLSA generally does not address permissible methods of wage payment, or changes in methods of payment.
Change in Terms	The financial institution that issues a payroll card must provide 21 days advance notice, in writing, to the employee of any change in the terms or conditions that would result in: • Increased fees for the employee, • Increased liability for the employee, • Fewer types of available EFTs, or • Stricter limitations on the frequency or dollar amount of transfers. ***Exception:*** Prior notice is not required if an immediate

[2] Note, the major payment brands (e.g., Visa and MasterCard) also have zero liability policies protecting employees from losses due to lost or stolen cards.

	change is necessary to maintain or restore the security of an account or an EFT system. Reg. E, 12 CFR § 1005.8.

Treatment of Payroll Card under New Hampshire Law:
Comparison of Current and Proposed Requirements
(January 3, 2014)

Requirement	APA/NCLC: Sensible Guidelines	Treatment of Payroll Cards Under Current New Hampshire Law	House Bill 1404
Cash Access	Employees must be able to access their full wages in cash at least once each pay period without fees. • Free and clear access is required by state wage and hour laws and is critical to the success of any payroll card program. • Common methods of access include bank teller transactions, ATM withdrawals, convenience checks and cash back from point of sale purchases.	Employees must be provided: • At least one free means of withdrawing *the full account balance* each pay period (§275:43(I)(d)),[1] • At a financial institution or other location convenient to the place of employment (§275:43(I)(d)), • None of the employer's costs associated with the payroll card account may be passed on to employees (§275:43(I)(d)), • A free replacement card prior to the card's expiration date. Funds in the payroll card account may not expire (§275:43(II)(a)).	HB 1404 would require : • ***At least 3 free withdrawals*** of up to the ***full account balance*** during each pay period (§ 275:43(I)(d)). • At a financial institution, ***authorized teller machine***, or other location convenient to the place of employment (§ 275:43(I)(d)). • A free replacement card ***at least 15 days*** before the card's expiration date. (§ 275:43(II)(a)). In addition, HB 1404 would prohibit employee fees for the following payroll card account transactions and services: • ***Declined transactions*** • ***Overdrafts, shortages, or low balances*** • ***Account inactivity*** • ***Withdrawal of funds at a teller or ATM within in the issuer's network of financial institutions*** • ***The first 3 telephone calls to a live customer service representative per pay period*** • ***Access to payroll card balance or other account information online, by IVR, at***

[1] All citations refer to Chapter 275 of the New Hampshire Revised Statutes unless otherwise indicated.

Requirement	APA/NCLC: Sensible Guidelines	Treatment of Payroll Cards Under Current New Hampshire Law	House Bill 1404
			an in-network ATM, or any automated system • ***A written statement or transaction history*** • ***Any transaction or service not expressly identified by type and amount in the employer's contract with the issuer, or any service not expressly disclosed to the employee.*** (§275:43(II)(g)).
Employee Choice	Employees must have a choice of wage payment method and be able to change it. • Employees may not be required to receive their wages on a payroll card (federal law) o Employees must have the choice of at least one other payment method o State wage and hour law may require a paper paycheck option. • Employees should know how to change their selection if they want to do so.	Employers must provide employees with written disclosure, in plain language, of all their wage payment options. (§275:43(II)(a)). • Employers may not initiate the payment of wages to a payroll card account without the employee's voluntary, written consent, o Consent may not be a condition of hire or continued employment, o The written consent signed by the employee must include the terms and conditions of the payroll card account option, o A new written consent must be obtained whenever there is a change in terms and conditions. (§275:43(II)(b), (c)). • Employers that use payroll cards must also offer paychecks. (§275:43(II)(e)). • Employees must be given the option of discontinuing the receipt of wages to a payroll card at any time, without penalty. (§275:43(II)(d)).	In addition to existing requirements, HB 1404 would: • Prohibit employers from paying wages using payroll cards unless ***"the employer has offered, and the employee has declined," both direct deposit and payment by paper check.*** (§ 275:43(I)(d)).

Requirement	APA/NCLC: Sensible Guidelines	Treatment of Payroll Cards Under Current New Hampshire Law	House Bill 1404
Payroll Card Acceptance	Employers should offer a payroll card that is widely accepted • The logo of a widely accepted payment brand (i.e., Visa, MasterCard or Discover) signals to employees that they can take their card to any bank that is a member of the payment brand and receive their full wages from the teller each pay period without fees. • Branded payroll cards can be used to make purchases and pay bills in person, online and over the telephone. • A wide, convenient surcharge-free ATM network linked to the payroll card is also important to help employees avoid third party ATM surcharge fees.	New Hampshire law currently does not currently address this issue.	HB 1404 suggests, but does not expressly require, that the card issuer may need to be associated with a network of ATMs. (§ 275:43(II)(g)).
Information and Training	Employers must provide clear information and training on the use of the payroll card and possible fees. • Training can ensure that employees understand the key terms and know how to access their wages without fees. • Pricing for discretionary services should be reasonable and easily understandable	Employers must provide employees with written disclosures, in plain language, of all of the employee's wage payment options. (§275:43(II)(a)). • The disclosures must include: o The terms and conditions of the payroll card option, o The requirements of section 275:43, o A complete itemized list of all known fees that may be deducted by the employer or card issuer, and o A statement as to whether third parties may assess additional transaction fees. (§275:43(II)(a)). • The employer must provide written notice of any change to any of the terms of the payroll card account (including	Disclosure requirements would remain unchanged under HB 1404. *See* fee prohibitions under "cash access" above.

Requirement	APA/NCLC: Sensible Guidelines	Treatment of Payroll Cards Under Current New Hampshire Law	House Bill 1404
		changes to fees), and obtain the employee's voluntary written consent to receive wages subject to the changes. o The employer shall be responsible for any increase in fees charged to the employee before the employer provides written notice of such changes to the employee. (§275:43(II)(c)). • NH also expressly incorporates the federal (Regulation E) notice and disclosure requirements). N.H. Rev. Stat. § 275:42(IX).	
Access to Account Information	Employees must be provided free and convenient access to account information. • Employees need access to account information to check their balance, spot unauthorized charges, monitor fees and manage their finances. • Employees should not be charged a fee for responsible behavior, such as checking their balance using an automated telephone system. • Additional free means of accessing account information, like automated text messages and smart phone applications are becoming more common.	New Hampshire expressly incorporates the federal (Regulation E) requirement for access to account information. (§ 275:42(IX)). Specifically, financial institutions that issue payroll cards must provide either: • ***Periodic Statements.*** o Once per month, or at least quarterly if no electronic fund transfers (EFTs) have occurred o The statement must include all transactions (including date, type and amount), account number, fees assessed, account number and contact information, or • ***Alternative to Periodic Statements.*** A financial institution may provide access to the following information in lieu of periodic statements:	***HB 1404 would require periodic activity statements as follows:*** • ***Once per month, or at least every 90 days if there is an account balance but no activity in the account,*** • ***The statement must include: all transactions during the period including deposits, withdrawals, fees charged and other transactions affecting the account,*** • ***The employer must provide the employee the option of receiving the statement electronically or in paper,*** • ***Employees may voluntarily decline periodic statements but must do so in writing.*** ((§ 275:43(II)(g)). HB 1404 would not permit a financial institution to provide the federal alternative in lieu of periodic statements.

Requirement	APA/NCLC: Sensible Guidelines	Treatment of Payroll Cards Under Current New Hampshire Law	House Bill 1404
		o Account balance through a readily available telephone line, o Electronic history of account transactions that covers at least the preceding 60 days, and o A written history of account transactions provided in response to the employee's request that covers at least 60 days preceding the date the financial institution receives the request. (12 CFR §§1005.9(b), 1005.18(b)).	
Deposit Insurance	The funds in the payroll card account must have deposit insurance. • Employee wages must be protected if the bank holding the funds becomes insolvent. • Employers should select a program that maintains payroll funds in an FDIC- or NCUA-insured account on a pass-through basis to the individual cardholder.	New Hampshire law does not address this issue.	HB 1404 does not address.
Overdraft Protection	Be wary of overdraft protection. • Payroll cards are often promoted as being a budgeting tool for low income workers. Employees usually can spend only those funds deposited onto the card. • To prevent confusion and ensure that the program truly promotes financial responsibility, employers should consider selecting programs that do not offer overdraft protection or other embedded credit features. Such features can be unsafe for employees if used	Payroll cards are subject to federal Regulation E. (§ 275:42(IX)). Regulation E prohibits financial institutions from charging a fee to an employee's payroll card account for paying an ATM or one-time debit card transaction under an overdraft service unless the employee has affirmatively opted into the service after receiving a notice describing the service. (12 CFR § 1005.17).	HB 1404 would also prohibit linking payroll cards to any form of credit, including a loan against future pay or cash advance on future pay. (§ 275:43(I)(d)).

Requirement	APA/NCLC: Sensible Guidelines	Treatment of Payroll Cards Under Current New Hampshire Law	House Bill 1404
	unwisely and can result in a cycle of debit. • This principle does not prohibit a program from covering an occasional inadvertent overdraft transaction if there is no charge to the employee.		
Employer Incentives	Some payroll card programs pay cash incentives to the employer. Those funds might be better spent improving the card program for employees.	None of the employer's costs associated with the payroll card account may be passed on to employees. (§275:43(I)(d)).	This provision would remain unchanged under HB 1404.
Other			**Account Closure for Inactivity.** A payroll card account ***may be closed for inactivity, with a minimum of 30 days' notice to the employee, provided the remaining funds are refunded to the employee at no cost.*** (§ 275:43(II)(f)).

American Payroll Association

Government Relations • Washington, DC

January 27, 2014

Statement in Opposition to HB 1404

The American Payroll Association[1] (APA) appreciates the opportunity to submit the following statement in opposition to House Bill 1404 (HB 1404). If enacted, HB 1404 would impose unnecessary and unduly burdensome requirements on the use of payroll cards. Indeed, the requirements of HB 1404 are so restrictive and cost prohibitive that they likely will establish a *de facto* ban on the use of payroll cards in New Hampshire, hurting the very workers the bill seeks to protect. As discussed below, current state and federal provisions already provide abundant consumer protections on this voluntary and beneficial payment method.

The APA's Position on Payroll Cards

Last year, the APA supported legislation (SB 100/HB 357) that would have allowed employers to pay their employees in New Hampshire using electronic means only (i.e., direct deposit and payroll cards). After the legislative session ended, we found articles suggesting that the APA promoted payroll cards over direct deposit[2] and an article subtitled "The American Payroll Association Would Have Moved New Hampshire Workers Over to Fee-Laden Payroll Cards."[3]

To be clear, the APA has never promoted payroll cards over direct deposit. To the contrary, we recognize that for the vast majority of workers, direct deposit is the best way to receive wages. Indeed, in a statement we submitted in support of SB 100, we stated:

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[1] The APA is a nonprofit professional association representing more than 20,000 payroll professionals and their companies in the United States. The APA's primary mission is to educate its members and the payroll industry regarding best practices associated with paying America's workers while complying with applicable federal, state, and local laws. In addition, the APA's Government Affairs Task Force works with the legislative and executive branches of government to find ways to help employers satisfy their legal obligations, while minimizing the administrative burden on government, employers, and individual workers.

[2] Seacoast Online, Letter to the Editor from Rep. Michael Cahill (June 20, 2013), http://www.seacoastonline.com/articles/20130620-OPINION-306200394.

[3] New Hampshire Labor News, *Granite State Progress Applauds NH House Standing Up for Employee Protections During HB 357 Committee of Conference* (June 18, 2013), available at http://nhlabornews.com/2013/06/granite-state-progress-applauds-nh-house-standing-up-for-employee-protections-during-hb-357-committee-of-conference/.

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> Employers offering payroll cards would be required to also give each employee the option of being paid by direct deposit to a financial institution of the employee's choosing. It is fully anticipated that most employees will enroll in direct deposit. In fact, it is highly likely that a majority of employees already participate in direct deposit.

We then cited a study revealing that three out of four working Americans who have access to direct deposit use it, and 97% of the people who use direct deposit are very satisfied with it.[4]

Payroll Cards Offer a Valuable Solution for Underserved Employees.

Many well respected policymakers, consumer advocates and government regulators agree that payroll cards can be a very beneficial option for underserved workers who often are forced to rely on expensive alternative financial services, such as check cashers, to access their wages. As an example, earlier this month, Javier Palomarez, President and CEO of the United States Hispanic Chamber of Commerce, published an Op-Ed emphasizing that "Payroll cards offer those with no banking access a dependable option for protecting their finances. Empowering our citizens with this much needed access, security, and convenience of prepaid payroll cards allows the unbanked to save more of what they earn and helps them build a solid financial foundation."[5] A copy of the Op-Ed is attached for your convenience.

Similarly, a Federal Reserve Bank study[6] concluded that payroll cards are the most cost-effective transaction accounts available for consumers without bank accounts; less costly than checking accounts and general purpose prepaid debit cards, and less than one-fifth the cost of check-cashing services.

According to the FDIC, 14.4% of all New Hampshire households are either unbanked (having no checking or savings account) or under-banked (having a checking or savings account, but still reliant on alternative financial services such as check cashing).[7] Although employers are required to provide all employees with a means of cashing their payroll checks, many workers still rely on expensive check cashing services. New Hampshire law imposes no limit on the amount of fees that check cashing services may charge.

Payroll cards offer underserved workers with a valuable solution. The vast majority of payroll cards are branded meaning that they bear the logo of a major payment brand such as Visa or MasterCard. These cards can be used anywhere that the payment brand is accepted. For example, employees can take their cards to more than 90,000 bank branches nationwide and receive their full wages from the bank teller without cost. Employees may also choose to use

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[4] *See, Frequently Asked Questions about Direct Deposit via ACH*, available at http://www.electronicpayments.org/individual/direct-deposit/learn.

[5] For another excellent discussion of payroll cards from an organization committed to protecting low wage earners, see Benjamin Mangan, *Stop Blacklisting Payroll Cards for Worker*, http://www.linkedin.com/today/post/article/20130710205603-132220-stop-blackballing-payroll-cards-for-workers.

[6] Federal Reserve Bank of Philadelphia: *The Cost Effectiveness of Stored-Value Products for Unbanked Consumers*, May 2005.

[7] 2011 FDIC National Survey of Unbanked and Underbanked Households, available at http://www.fdic.gov/householdsurvey/2012_unbankedreport.pdf.

their cards to make point-of sale purchases, receive cash back from point of sale transactions, make purchases by mail, phone or internet and pay bills online. These are all things underserved employees cannot do when they only carry cash. Employees also are provided with many ways of accessing their account balance without fees and with budgeting tools such as mobile applications and low balance text alerts to help them manage their finances.

Current Treatment of Payroll Cards Under State and Federal Law

Section 275:43(I) of the New Hampshire Revised Statutes requires that employers pay all wages to employees on designated paydays and "at no cost to the employee." When employees are paid by check, this means that the check must be drawn on a financial institution convenient to the place of employment where suitable arrangements have been made for employees to cash their check for the full amount due. When employees voluntarily elect to be paid using a payroll card, the employer must provide the employee with at least one means to withdraw up to and including the full amount of the balance in the payroll card account each pay period at a financial institution or other location convenient to the place of employment. In other words, the employee must be able to treat their card like a "plastic paycheck."

Section 275:43 also requires that the employee be notified of all of his or her wage payment options and that the employer provide a number of other disclosures including a list of potential fees. Participation in the program must be voluntary, and a new written consent is required each time there is a change in the program. Employees must be provided with the option of changing their wage payment method at any time, without penalty. A complete list of existing requirements relating to payroll cards under state law is set forth in the Appendix to this Statement.

In addition to the existing state law protections, the federal Electronic Funds Transfer Act and its implementing regulation, Regulation E, provide a number of additional consumer protections on payroll cards. For example, Regulation E limits cardholder liability when a lost or stolen card is used fraudulently so long as the cardholder reports the lost or stolen card within a specified period of time. Regulation E also requires that dispute resolution procedures be available to cardholders and that all terms, conditions and fees be clearly disclosed. This permits payroll cardholders to easily understand how to use the card to their best advantage. It also requires the card issuer to provide employees with periodic activity statements showing all transactions including payroll deposits, ATM transactions and purchases. Although overdrafts on payroll cards are uncommon, recent revisions to Regulation E prohibit fees for overdrafts without prior consent.

Finally, all of the protections offered on debit products by the major payment brands (e.g., Visa, MasterCard and Discover) also are available on payroll cards and are free of charge. These include purchase protection, dispute resolution procedures and zero liability programs.

HB 1404 Would Unnecessarily Encumber the Use of Payroll Cards in New Hampshire

At a time when free checking accounts are becoming significantly less common, HB 1404 would require employers who want to offer payroll cards to provide their employees with a number of

free banking services. This is not required for any other method of wage payment and is likely to be cost prohibitive.

For example, HB 1404 would go beyond requiring full and free access to wages, and would require that employees be provided at least three free withdrawals each pay period for up to and including *the full amount in the employee's payroll card account.* In other words, if an employee withdraws his or her full wages on payday but later receives deposits from other sources during the pay period, the employer must pay for the employee to access these other, nonwage, funds without cost. Indeed, HB 1404 would prohibit any fees, ever, for cash withdrawals at any in-network ATMs or bank tellers.

HB 1404 also would prohibit payroll card issuers from charging employees virtually any type of fee associated with the use of their payroll card. As an example, although most employees do not read written transaction histories, employers would be required to provide monthly written statements unless the employee affirmatively declines this option. This is true even though the information is always available to employees electronically without cost. A complete list of prohibited fees is provided in the Appendix to this statement.

Finally, HB 1404 would prohibit employers from offering payroll cards to their employees until after the employees have been offered, and have declined, the option of receiving wages by direct deposit and a paper paycheck. Employers should be permitted to offer their employees all payment options at one time so that employees can select the option that is best suited for their situation.

Conclusion

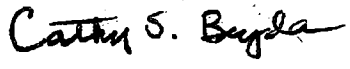
The APA strongly urges you to oppose HB 1404. New Hampshire workers and businesses should be permitted the same access to payroll cards as any other form of wage payment, unhindered by the prohibitive burdens of provisions like those in HB 1404.

Please feel free to contact Bill Dunn (202-232-6889) or Cathy Beyda (650-320-1824) with any questions or concerns that you may have.

Sincerely,



William Dunn, CPP
American Payroll Association
Director of Government Relations



Cathy Beyda, Esq.
American Payroll Association
Chair, Paycard Subcommittee, Government Affairs Task Force

APPENDIX

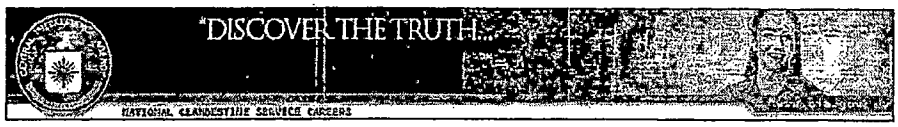
Treatment of Payroll Cards under New Hampshire Law: Comparison of Existing and Proposed Requirements

Requirement	Treatment of Payroll Cards Under Current New Hampshire Law	House Bill 1404
Cash Access	Employees must be provided: • At least one free means of withdrawing *the full account balance* each pay period (§275:43(I)(d)),[8] • At a financial institution or other location convenient to the place of employment (§275:43(I)(d)), • None of the employer's costs associated with the payroll card account may be passed on to employees (§275:43(I)(d)), • A free replacement card prior to the card's expiration date. Funds in the payroll card account may not expire (§275:43(II)(a)).	HB 1404 would require : • ***At least 3 free withdrawals*** of up to the ***full account balance*** during each pay period (§ 275:43(I)(d)). • At a financial institution, ***authorized teller machine***, or other location convenient to the place of employment (§ 275:43(I)(d)). • A free replacement card ***at least 15 days*** before the card's expiration date. (§ 275:43(II)(a)). In addition, HB 1404 would prohibit employee fees for the following payroll card account transactions and services: • ***Declined transactions*** • ***Overdrafts, shortages, or low balances*** • ***Account inactivity*** • ***Withdrawal of funds at a teller or ATM within in the issuer's network of financial institutions*** • ***The first 3 telephone calls to a live customer service representative per pay period*** • ***Access to payroll card balance or other account information online, by IVR, at an in-network ATM, or any automated system*** • ***A written statement or transaction history*** • ***Any transaction or service not expressly identified by type and amount in the employer's contract with the issuer, or any service not expressly disclosed to the employee.*** (§275:43(II)(g)).
Employee Choice	Employers must provide employees with written disclosure, in plain language, of	In addition to existing requirements, HB 1404 would:

[8] All citations refer to Chapter 275 of the New Hampshire Revised Statutes unless otherwise indicated.

Requirement	Treatment of Payroll Cards Under Current New Hampshire Law	House Bill 1404
	all their wage payment options. (§275:43(II)(a)). • Employers may not initiate the payment of wages to a payroll card account without the employee's voluntary, written consent, o Consent may not be a condition of hire or continued employment, o The written consent signed by the employee must include the terms and conditions of the payroll card account option, o A new written consent must be obtained whenever there is a change in terms and conditions. (§275:43(II)(b), (c)). • Employers that use payroll cards must also offer paychecks. (§275:43(II)(e)). • Employees must be given the option of discontinuing the receipt of wages to a payroll card at any time, without penalty. (§275:43(II)(d)).	• Prohibit employers from paying wages using payroll cards unless ***"the employer has offered, and the employee has declined," both direct deposit and payment by paper check.*** (§ 275:43(I) (d)).
Information and Training	Employers must provide employees with written disclosures, in plain language, of all of the employee's wage payment options. (§275:43(II)(a)). • The disclosures must include: o The terms and conditions of the payroll card option, o The requirements of section 275:43, o A complete itemized list of all known fees that may be deducted by the employer or card issuer, and o A statement as to whether third parties may assess additional transaction fees. (§275:43(II)(a)). • The employer must provide written notice of any change to any of the terms of the payroll card account (including changes to fees), and obtain the employee's voluntary	Disclosure requirements would remain unchanged under HB 1404. *See* fee prohibitions under "cash access" above.

Requirement	Treatment of Payroll Cards Under Current New Hampshire Law	House Bill 1404
	written consent to receive wages subject to the changes. o The employer shall be responsible for any increase in fees charged to the employee before the employer provides written notice of such changes to the employee. (§275:43(II)(c)). • NH also expressly incorporates the federal (Regulation E) notice and disclosure requirements). N.H. Rev. Stat. § 275:42(IX).	
Access to Account Information	New Hampshire expressly incorporates the federal (Regulation E) requirement for access to account information. (§ 275:42(IX)). Specifically, financial institutions that issue payroll cards must provide either: • ***Periodic Statements.*** o Once per month, or at least quarterly if no electronic fund transfers (EFTs) have occurred o The statement must include all transactions (including date, type and amount), account number, fees assessed, account number and contact information, or • ***Alternative to Periodic Statements.*** A financial institution may provide access to the following information in lieu of periodic statements: o Account balance through a readily available telephone line, o Electronic history of account transactions that covers at least the preceding 60 days, and o A written history of account transactions provided in response to the employee's request that covers at least 60 days preceding the date the financial institution receives the request. (12 CFR §§1005.9(b), 1005.18(b)).	***HB 1404 would require periodic activity statements as follows:*** • ***Once per month, or at least every 90 days if there is an account balance but no activity in the account,*** • ***The statement must include: all transactions during the period including deposits, withdrawals, fees charged and other transactions affecting the account,*** • ***The employer must provide the employee the option of receiving the statement electronically or in paper,*** • ***Employees may voluntarily decline periodic statements but must do so in writing.*** ((§ 275:43(II)(g)). HB 1404 would not permit a financial institution to provide the federal alternative in lieu of periodic statements.



January 29, 2014
HUFF POST LATINOVOICES

Payroll Cards: A Valuable Option for Those in Financial Need

Posted: 01/08/2014 11:40 am

Like 18 people like this. Be the first of your friends.

Common sense tells us that if you want a well-built home, you must build on a solid foundation. The same holds true for building a strong financial future. It begins with establishing a solid foundation, such as having a checking and savings account. Still, this can be an overwhelming challenge for many Americans, who do not have access to a traditional banking relationship, or even the most basic financial services.

According to a 2011 Federal Deposit Insurance Corporation (FDIC) study on underserved households, almost 30 percent of U.S. households do not have a basic savings account. The study also found that Hispanic households represent the second highest number of unbanked households at 20.1 percent, falling just behind African-Americans at 21.4 percent. These numbers are alarmingly high and illustrate the need for greater financial empowerment and inclusion to help more Americans control their financial futures.

Most workers with established credit and banking services receive their wages via direct deposit, so that their wages are credited to their bank account. For workers without bank accounts, however, this is not an option. For these individuals, payroll cards can play an important role because they provide some of the same benefits and protections that traditional banking relationships offer, while bringing them into the formal financial system.

Unbanked workers benefit greatly from electronic wage payment programs that deliver their wages directly to a prepaid payroll card, providing them with instant, secure, and convenient access to their money. While payroll cards offer discretionary services that may incur fees, workers are guaranteed at least one free withdrawal of wages, in full, per pay period. At a minimum, unbanked workers can treat their payroll card like a paycheck on payday and cash it to the penny without paying a fee.

Payroll cards also offer consumers important security protections since the cards are issued by a financial institution and are subject to strict federal and state consumer protection laws. In addition, payroll cards eliminate the need for carrying large amounts of cash that can be lost or stolen.

But payroll cards are more than just a plastic paycheck - they give workers access to things many of us take for granted. Payroll cards can be used to order things online, book hotel rooms, and even pay bills. Payroll cards aren't just a more convenient and safer way for workers to access their wages, they enable unbanked workers and their families to participate in the economy, in ways they haven't been able to before.

Payroll cards offer those with no banking access a dependable option for protecting their finances. Empowering our citizens with this much needed access, security, and convenience of prepaid payroll cards allows the unbanked to save more of what they earn and helps them build a solid financial foundation. And, as more of our citizens gain that solid financial footing, we can ultimately get our economy healthy again.

Javier Palomarez is President & CEO of the United States Hispanic Chamber of Commerce.

Follow Javier Palomarez on Twitter: www.twitter.com/USHCC

Voting Sheets

HOUSE COMMITTEE ON LABOR, INDUSTRIAL AND REHABILITATIVE SERVICES

EXECUTIVE SESSION on HB 1404

BILL TITLE: **relative to payroll cards.**

DATE: February 11, 2014

LOB ROOM: 307

Amendments:

Sponsor: Rep. Cahill	OLS Document #:	2014	0501h
Sponsor: Rep.	OLS Document #:		
Sponsor: Rep.	OLS Document #:		

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep. Cahill

Seconded by Rep. Schmidt

Vote: 16-1 (Please attach record of roll call vote.)

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep. Ley

Seconded by Rep. Weed

Vote: 15-3 (Please attach record of roll call vote.)

CONSENT CALENDAR VOTE: NO

(Vote to place on Consent Calendar must be unanimous.)

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep. Linda A. DiSilvestro, Clerk

HOUSE COMMITTEE ON LABOR, INDUSTRIAL AND REHABILITATIVE SERVICES

EXECUTIVE SESSION on HB 1404

BILL TITLE: **relative to payroll cards.**

DATE: 2/11/14

LOB ROOM: 307

Amendments:

Sponsor: Rep. Cahill — OLS Document #: 0501-h

Sponsor: Rep. — OLS Document #:

Sponsor: Rep. — OLS Document #:

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep. Cahill

Seconded by Rep. Schmidt

Vote: 16/1 (Please attach record of roll call vote.)

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep. Ley

Seconded by Rep. Weed

Vote: 15/3 (Please attach record of roll call vote.)

CONSENT CALENDAR VOTE:

(Vote to place on Consent Calendar must be unanimous.)

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep. Linda A. DiSilvestro, Clerk

STATE OF NEW HAMPSHIRE
OFFICE OF THE HOUSE CLERK

1/10/2014 11:49:38 AM
Roll Call Committee Registers Report

2014 SESSION

LABOR, INDUSTRIAL AND REHABILITATIVE SERVICES

Bill #: 1404 Title: relative to payroll call

PH Date: 1/21/14 Exec Session Date: 1/28/14

Motion: OTP/A @ Amendment #: 0501-h

MEMBER	YEAS	NAYS
White, Andrew A, Chairman	✓	
Kelly, Sally H, V Chairman	✓	
Weed, Charles F	✓	
Rice, Chip L	✓	
Coulombe, Gary M	✓	
Andrews, Christopher R	✓	
Cahill, Michael D	✓	
DiSilvestro, Linda A, Clerk	✓	
Ley, Douglas A	✓	
Schmidt, Janice E	✓	
Tanner, Linda L	✓	
Daniels, Gary L,		✓
Infantine, William J,	✓	
Richardson, Herbert D	✓	
Pellegrino, Tony J	—	
Sedensky, John B,	✓	
Flanagan, Jack B	—	
Burchell, Richard B	—	
Emerick, J. Tracy	✓	
St.James, Kevin P	✓	
TOTAL VOTE:	16	1

STATE OF NEW HAMPSHIRE
OFFICE OF THE HOUSE CLERK

1/10/2014 11:49:38 AM
Roll Call Committee Registers Report

2014 SESSION

LABOR, INDUSTRIAL AND REHABILITATIVE SERVICES

Bill #: 1404 Title: relative payroll cards

PH Date: 1/21/14 Exec Session Date: 2/4/14

Motion: OTP/A @ Amendment #: 2014-0501-h

MEMBER	YEAS	NAYS
White, Andrew A, Chairman	✓	
Kelly, Sally H, V Chairman	✓	
Weed, Charles F	✓	
Rice, Chip L	✓	
Coulombe, Gary M	✓	
Andrews, Christopher R	✓	
Cahill, Michael D	✓	
DiSilvestro, Linda A, Clerk	✓	
Ley, Douglas A	✓	
Schmidt, Janice E	✓	
Tanner, Linda L	✓	
Daniels, Gary L,		✓
Infantine, William J,	✓	
Richardson, Herbert D	✓	
Pellegrino, Tony J		✓
Sedensky, John B,	✓	
Flanagan, Jack B	—	
Burchell, Richard B	—	
Emerick, J. Tracy		✓
St.James, Kevin P	✓	
TOTAL VOTE:	15	3

Committee Report

REGULAR CALENDAR

February 13, 2014

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

The Majority of the Committee on LABOR, INDUSTRIAL AND REHABILITATIVE SERVICES to which was referred HB1404,

AN ACT relative to payroll cards. Having considered the same, report the same with the following amendment, and the recommendation that the bill OUGHT TO PASS WITH AMENDMENT.

Rep. Douglas A Ley

FOR THE MAJORITY OF THE COMMITTEE

Original: House Clerk
Cc: Committee Bill File

MAJORITY
COMMITTEE REPORT

Committee:	**LABOR, INDUSTRIAL AND REHABILITATIVE SERVICES**
Bill Number:	**HB1404**
Title:	**relative to payroll cards.**
Date:	**February 13, 2014**
Consent Calendar:	**NO**
Recommendation:	**OUGHT TO PASS WITH AMENDMENT**

STATEMENT OF INTENT

This bill corrects abuses and provides new protections for employees who opt for compensation via electronic pay cards. Conditions set forth in this legislation include elimination of a number of "gotcha" or surprise fees, provide better access to card balances, and mandate disclosure of all payment options and transaction fees in clear and plain language. The committee has been assured that card providers will be able to meet these conditions.

Vote 15-3

Rep. Douglas A Ley
FOR THE MAJORITY

Original: House Clerk
Cc: Committee Bill File

REGULAR CALENDAR

LABOR, INDUSTRIAL AND REHABILITATIVE SERVICES

HB1404, relative to payroll cards. **OUGHT TO PASS WITH AMENDMENT.** Rep. Douglas A Ley for the **Majority** of LABOR, INDUSTRIAL AND REHABILITATIVE SERVICES. This bill corrects abuses and provides new protections for employees who opt for compensation via electronic pay cards. Conditions set forth in this legislation include elimination of a number of "gotcha" or surprise fees, provide better access to card balances, and mandate disclosure of all payment options and transaction fees in clear and plain language. The committee has been assured that card providers will be able to meet these conditions. **Vote 15-3.**

Original: House Clerk
Cc: Committee Bill File

HB 1404

Majority

OTP/A

This bill corrects abuses and provides new protections for employees who opt for compensation via electronic pay cards. Conditions set forth in this legislation include elimination of a number of "gotcha" or surprise fees, provide better access to card balances, and mandate disclosure of all payment options and transaction fees in clear and plain language. The committee has been assured that card providers will be able to meet these conditions.

Doug Ley

COMMITTEE REPORT

COMMITTEE: Labor

BILL NUMBER: HB 1404

TITLE: Relative to Payroll Cards

DATE: 2/11/14 **CONSENT CALENDAR:** YES ☐ NO ☒

☐ **OUGHT TO PASS**

☒ **OUGHT TO PASS W/ AMENDMENT**

☐ **INEXPEDIENT TO LEGISLATE**

☐ **INTERIM STUDY** (Available only 2nd year of biennium)

Amendment No. 2014-0501h

STATEMENT OF INTENT:

This bill corrects abuses & provides new protections for employees who opt for compensation via electronic pay cards. Conditions set forth in this legislation include elimination of a number of "gotcha" or surprise fees, provide better access to card balances, and mandate disclosure of all payment options & transaction fees in clear & plain language. The committee has been assured that card providers will be able to meet these conditions.

COMMITTEE VOTE: 15-3

RESPECTFULLY SUBMITTED,

Rep. _____
For the Committee

- Copy to Committee Bill File
- Use Another Report for Minority Report

Rev. 02/01/07 - Yellow

REGULAR CALENDAR

February 13, 2014

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

The Minority of the Committee on LABOR, INDUSTRIAL AND REHABILITATIVE SERVICES to which was referred HB1404,

AN ACT relative to payroll cards. Having considered the same, and being unable to agree with the Majority, report with the following Resolution: RESOLVED, That it is INEXPEDIENT TO LEGISLATE.

Rep. Gary L Daniels

FOR THE MINORITY OF THE COMMITTEE

Original: House Clerk
Cc: Committee Bill File

MINORITY
COMMITTEE REPORT

Committee:	**LABOR, INDUSTRIAL AND REHABILITATIVE SERVICES**
Bill Number:	**HB1404**
Title:	**relative to payroll cards.**
Date:	**February 13, 2014**
Consent Calendar:	**NO**
Recommendation:	**INEXPEDIENT TO LEGISLATE**

STATEMENT OF INTENT

There is no need for this bill. Existing federal and state laws are sufficient. Further, this bill legislates business policy, furthering the assault on management rights and business in general.

Rep. Gary L Daniels
FOR THE MINORITY

Original: House Clerk
Cc: Committee Bill File

REGULAR CALENDAR

LABOR, INDUSTRIAL AND REHABILITATIVE SERVICES
HB1404, relative to payroll cards. **INEXPEDIENT TO LEGISLATE.**
Rep. Gary L Daniels for the **Minority** of LABOR, INDUSTRIAL AND REHABILITATIVE SERVICES. There is no need for this bill. Existing federal and state laws are sufficient. Further, this bill legislates business policy, furthering the assault on management rights and business in general.

Original: House Clerk
Cc: Committee Bill File

HB 1404

Minority

ITL

There is no need for this bill. Existing federal and state laws are sufficient. Further, this bill legislates business policy, furthering the assault on management rights and business in general.

Gary Daniels

MINORITY REPORT

COMMITTEE: Labor

BILL NUMBER: HB1404

TITLE: Relative to payroll cards

DATE: 2/11/14 **CONSENT CALENDAR:** YES ☐ NO ☒

☐ **OUGHT TO PASS**

☒ **OUGHT TO PASS W/ AMENDMENT**

☒ **INEXPEDIENT TO LEGISLATE**

☐ **INTERIM STUDY** (Available only 2nd year of biennium)

Amendment No. 2014-0501h

STATEMENT OF INTENT:

There is no need for this bill. Existing federal and state laws are sufficient. Further, this bill legislates business policy, furthering the assault on management rights and business in general.

COMMITTEE VOTE: 15-3

RESPECTFULLY SUBMITTED,

Rep. Gary L. Daniels
For the Minority

• Copy to Committee Bill File

Rev. 02/01/07 - Blue