



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

SENATE BILL NO. 1265

PRINTERS NO. 2183

PRIME SPONSOR: White

COST / (SAVINGS)

FUND	FY 2016/17	FY 2017/18
Banking Fund	\$0	\$0

SUMMARY: Amends Act 173 of 1975 to provide for the use of payroll card accounts. This legislation would take effect in 180 days.

ANALYSIS: This legislation provides that whenever payment is required to be made in lawful money or check (for wages, salaries, commissions or other claims of any kind), payment may be made by credit to a deposit account or payroll debit card, if the recipient has authorized the method of payment in writing or electronically.

Consumer Protections: The financial institution holding the account that receives the transfers must provide the recipient of the funds with all disclosures, notices, access to account information and other consumer protections, to the extent they are required by federal Consumer Financial Protection Bureau Regulations (12 CFR Part 1005).

An employer must provide an employee with a statement of earnings and deductions in accordance with applicable law.

Payroll Card Accounts: When wages, salaries, commissions or other compensation are paid through a payroll card account, the following will apply:

- The employee will be issued a payroll card in accordance with 12 CFR Part 1005.
- The payroll card account must be established at an institution insured by the FDIC or NCUA.
- An employer cannot require an employee to accept payment by means of a payroll card account as a condition of employment or a condition for the receipt of any benefit.
- Prior to obtaining the employee's authorization, the employer shall provide clear and conspicuous notice to the employee of:
 - All of the employee's wage payment options.
 - The terms and conditions of the payroll card option, including the fees that may be deducted by a card issuer.
 - A notice that third-parties may also assess fees.
 - The methods available for the employee to access wages without fees.

- The employee must be allowed to make at least one free withdrawal and one free in-network ATM withdrawal (up to the full amount of net wages) each pay period. If the employee is paid more frequently than once per week, the employee must be allowed at least one withdrawal per week.
- The payroll card account must provide the employee with a free way to ascertain the balance of the account through a telephone system or other electronic means.
- An employer may not choose a payroll card account that charges fees to an employee for any of the following:
 - The application, initiation or privilege of participating in a payroll card program.
 - The issuance of the initial payroll card.
 - The issuance of one replacement card per year upon the employee's request.
 - The transfer of employee compensation to the payroll account.
 - Purchase transactions at the point of sale.
 - Non-use or inactivity of the account, if the non-use or inactivity is less than 12 months in duration.
- Funds in a payroll card account will not expire. Employees must be give a free replacement card for an expired card (up to 60 days after the last transfer), unless the account is subject to escheat as unclaimed property in PA or another state or territory.
- The employer must honor a written or electronic request to change the employee's method of pay to direct deposit or negotiable check. If the necessary information is provided, the request must be completed no later than the first payday after 14 days from receipt of the request.
- The restrictions provided for payroll card accounts cannot be construed to override a collective bargaining agreement with respect to the method of payment by an employer.

Construction: The act will supersede any inconsistent provision of another statute, rule or regulation.

FISCAL IMPACT: This legislation would have no adverse fiscal impact on Commonwealth funds.

PREPARED BY: Tim Rodrigo
House Appropriations Committee (R)

DATE: October 21, 2016

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.